

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 20-F**

(Mark **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or (g) OF THE SECURITIES EXCHANGE ACT OF 1934**  **One**)

- OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 2017
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
- OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
Date of event requiring this shell company report \_\_\_\_\_  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number: 001-37668

**Ferroglobe PLC**

(Exact name of Registrant as specified in its charter)

England and Wales  
(Jurisdiction of incorporation or organization)

2nd Floor West Wing, Lansdowne House, 57 Berkeley Square  
London W1J 6ER, United Kingdom  
+44-(0)203-129-2420  
(Address of principal executive offices)

Joseph Ragan Chief Financial Officer and Principal Accounting Officer  
2nd Floor West Wing, Lansdowne House, 57 Berkeley Square  
London W1J 6ER, United Kingdom  
+44-(0)203-129-2420

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act

Title of each class

Name of each exchange on which registered

Ordinary Shares (nominal value of \$0.01)

NASDAQ Global Select Market

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

**Ordinary Shares (nominal value of \$0.01)**

171,976,731

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No   
Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer  Accelerated filer  Non-accelerated filer   
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

## TABLE OF CONTENTS

<u>CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS</u>	1
<u>PART I</u>	5
<u>ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS</u>	5
<u>ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE</u>	5
<u>ITEM 3. KEY INFORMATION</u>	5
<u>ITEM 4. INFORMATION ON THE COMPANY</u>	36
<u>ITEM 4A. UNRESOLVED STAFF COMMENTS</u>	62
<u>ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS</u>	62
<u>ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES</u>	87
<u>ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS</u>	103
<u>ITEM 8. FINANCIAL INFORMATION</u>	109
<u>ITEM 9. THE OFFER AND LISTING</u>	112
<u>ITEM 10. ADDITIONAL INFORMATION</u>	113
<u>ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.</u>	128
<u>ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES.</u>	132
<u>PART II</u>	133
<u>ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES.</u>	133
<u>ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS.</u>	133
<u>ITEM 15. CONTROLS AND PROCEDURES.</u>	133
<u>ITEM 16. [RESERVED]</u>	136
<u>ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT.</u>	136
<u>ITEM 16B. CODE OF ETHICS.</u>	136
<u>ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES.</u>	136
<u>ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.</u>	137
<u>ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.</u>	137
<u>ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT.</u>	137
<u>ITEM 16G. CORPORATE GOVERNANCE.</u>	137
<u>ITEM 16H. MINE SAFETY DISCLOSURE</u>	138
<u>PART III</u>	139
<u>ITEM 17. FINANCIAL STATEMENTS.</u>	139
<u>ITEM 18. FINANCIAL STATEMENTS.</u>	139
<u>ITEM 19. EXHIBITS.</u>	139

---

## CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This annual report includes statements that are, or may be deemed to be, forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this annual report, including, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets in which we operate or are seeking to operate or anticipated regulatory changes in the markets in which we operate or intend to operate. These statements are often, but not always, made through the use of words or phrases such as “believe,” “anticipate,” “could,” “may,” “would,” “should,” “intend,” “plan,” “potential,” “predict(s),” “will,” “expect(s),” “estimate(s),” “project(s),” “positioned,” “strategy,” “outlook,” “aim,” “assume,” “continue,” “forecast,” “guidance,” “projected,” “risk” and similar expressions.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and are based on numerous assumptions. Our actual results of operations, financial condition and the development of events may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements. Investors should read the section entitled “Item 3.D.—Key Information—Risk Factors” and the description of our segments in the section entitled “Item 4.B.—Information on the Company—Business Overview” for a more complete discussion of the factors that could affect us. All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in the statements. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are the following:

- the outcomes of pending or potential litigation;
  - operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected;
  - the retention of certain key employees may be difficult;
  - intense competition and expected increased competition in the future;
  - our ability to adapt services to changes in technology or the marketplace;
  - our ability to maintain and grow relationships with customers and clients;
  - the historic cyclicity of the metals industry and the attendant swings in market price and demand;
  - increases in energy costs and the effect on costs of production;
  - energy prices, disruptions in the supply of power and changes in governmental regulation of the power sector;
  - availability of raw materials or transportation;
  - the cost of raw material inputs and the ability to pass along those costs to customers;
  - costs associated with labor disputes and stoppages;
  - our ability to maintain our liquidity and to generate sufficient cash to service indebtedness;
  - integration and development of prior and future acquisitions, and the ability to realize anticipated benefits of the Business Combination;
-

- our ability to effectively implement strategic initiatives and actions taken to increase sales growth;
- our ability to compete successfully;
- the availability and cost of maintaining adequate levels of insurance;
- our ability to protect trade secrets or maintain their trademarks and other intellectual property;
- equipment failures, delays in deliveries or catastrophic loss at any of our manufacturing facilities, which may not be covered under any insurance policy;
- exchange rate fluctuations;
- changes in laws protecting U.S., Canadian and European Union companies from unfair foreign competition (including antidumping and countervailing duty orders and laws) or the measures currently in place or expected to be imposed under those laws;
- compliance with, or potential liability under, environmental, health and safety laws and regulations (and changes in such laws and regulations, including in their enforcement or interpretation);
- risks from international operations, such as foreign exchange, tariff, tax, inflation, increased costs, political risks and their ability to expand in certain international markets;
- risks associated with mining operations, metals manufacturing and smelting activities;
- our ability to manage price and operational risks including industrial accidents and natural disasters;
- our ability to acquire or renew permits and approvals;
- potential losses due to immediate cancellations of service contracts;
- risks associated with potential unionization of employees or work stoppages that could adversely affect our operations;
- changes in tax laws (including under applicable tax treaties) and regulations or to the interpretation of such tax laws or regulations by the governmental authorities;
- changes in general economic, business and political conditions, including changes in the financial markets;
- risks related to our capital structure; and
- risks related to our ordinary shares.

These and other factors are more fully discussed in the “Item 3.D.—Key Information—Risk Factors” and “Item 4.B.—Information on the Company—Business Overview” sections and elsewhere in this annual report.

The risks set forth in the “Item 3.D.—Key Information—Risk Factors” section are not exhaustive. Other sections of this annual report describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict or list all such risks, nor can we assess the impact of all possible risks on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained, or implied by, in any forward-looking statements.

The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report and the documents that we reference in this annual report and have filed as exhibits to this annual report, completely and with the understanding that our actual future results or performance may be materially different from what we expect.

## CURRENCY PRESENTATION AND DEFINITIONS

In this annual report, references to “\$,” “US\$” and “U.S. Dollars” are to the lawful currency of the United States of America, references to “Euro” and “€” are to the single currency adopted by participating member states of the European Union relating to Economic and Monetary Union and references to “Pound Sterling” and “£” are to the lawful currency of the United Kingdom.

Unless otherwise specified or the context requires otherwise, all financial information for the Company, FerroAtlántica and Globe provided in this annual report is denominated in U.S. Dollars.

### Definitions

Unless otherwise specified or the context requires otherwise in this annual report:

- the terms (1) “we,” “us,” “our,” “Company,” “Ferroglobe,” and “our business” refer to Ferroglobe PLC and its subsidiaries, Globe Specialty Metals, Inc. (“Globe”) and its consolidated subsidiaries and Grupo FerroAtlántica, S.A.U. (“FerroAtlántica”) and its consolidated subsidiaries; (2) “Globe” refers solely to Globe Specialty Metals, Inc. and its consolidated subsidiaries and (3) “FerroAtlántica” or the “FerroAtlántica Group” refers solely to FerroAtlántica and its consolidated subsidiaries;
- “Amended Revolving Credit Facility” refers to the revolving credit facility previously available pursuant to the Amended Revolving Credit Facility Agreement;
- “Amended Revolving Credit Facility Agreement” refers to the Old Revolving Credit Facility Agreement as amended on or about February 15, 2017 by the Revolving Credit Facility Amendment;
- “Borrower” refers to Ferroglobe PLC as borrower under the New Revolving Credit Facility;
- “Business Combination” refers to the business combination of Globe and FerroAtlántica as wholly-owned subsidiaries of Ferroglobe PLC on December 23, 2015;
- “Class A Ordinary Shares” refers to share capital issued in connection with the Business Combination, which has subsequently been converted into ordinary shares of Ferroglobe PLC as a result of the distribution of beneficial interest units in the Ferroglobe Representation and Warranty Insurance Trust to certain Ferroglobe PLC shareholders on November 18, 2016;
- “Consolidated Financial Statements” refers to the audited consolidated financial statements of Ferroglobe PLC and its subsidiaries as of December 31, 2017 and December 31, 2016 and for each of the years ended December 31, 2017, 2016 and 2015, including the related notes thereto, prepared in accordance with IFRS (as such terms are defined herein);
- “hectares” refers to a land area of 10,000 square meters or approximately 2.47 acres;
- “IFRS” refers to International Financial Reporting Standards as issued by the International Accounting Standards Board;

- “Indenture” refers to the indenture, dated as of February 15, 2017, among Ferroglobe PLC and Globe as co-issuers, certain subsidiaries of Ferroglobe PLC as guarantors, and Wilmington Trust, National Association as trustee, registrar, transfer agent and paying agent;
- “New Revolving Credit Facility” refers to the revolving credit facility available pursuant to the New Revolving Credit Facility Agreement;
- “New Revolving Credit Facility Agreement” refers to the credit agreement, dated as of February 27, 2018, among Ferroglobe PLC, as Borrower, certain subsidiaries of Ferroglobe PLC from time to time party thereto as guarantors, the financial institutions from time to time party thereto as lenders, PNC Bank, National Association, as administrative agent, issuing lender and swing loan lender, PNC Capital Markets LLC, Citizens Bank, National Association and BMO Capital Markets Corp., as joint legal arrangers and bookrunners, Citizens Bank, National Association, as syndication agent, and BMO Capital Markets Corp., as documentation agent, as amended from time to time;
- “Notes” refer to the \$350,000,000 aggregate principal amount of Senior Notes due 2022;
- “Old Revolving Credit Facility Agreement” refers to the credit agreement, dated as of August 20, 2013, among Globe, certain subsidiaries of Globe from time to time as co-borrowers thereunder, the financial institutions from time to time party thereto as lenders, PNC Bank National Association and Wells Fargo Bank, National Association, as syndication agents for lenders, BBVA Compass Bank, as documentation agent, and Citizens Bank of Pennsylvania, as administrative agent for lenders, which has been replaced by the New Revolving Credit Facility Agreement;
- “Predecessor” refers to FerroAtlántica for all periods prior to the Business Combination;
- “Revolving Credit Facility Amendment” refers to the Third Amendment to the Old Revolving Credit Facility Agreement, among, *inter alios*, Ferroglobe PLC and Globe as co-borrowers, the subsidiary guarantors party thereto, the financial institutions party thereto as lenders and Citizens Bank of Pennsylvania as administrative agent;
- “shares” or “ordinary shares” refer to the authorized share capital of Ferroglobe PLC;
- “tons” refer to metric tons (approximately 2,204.6 pounds or 1.1 short tons);
- “U.S. Exchange Act” refers to the U.S. Securities Exchange Act of 1934, as amended; and
- “U.S. Securities Act” refers to the U.S. Securities Act of 1933, as amended.

## PRESENTATION OF FINANCIAL INFORMATION

The selected financial information as of December 31, 2017 and December 31, 2016 and for the years ended December 31, 2017, 2016 and 2015 is derived from our Consolidated Financial Statements, which are included elsewhere in this annual report and which are prepared in accordance with IFRS. The selected financial information as of December 31, 2015 and as of and for the years ended December 31, 2014 and 2013 is derived from our (or FerroAtlántica’s) audited consolidated financial statements and related notes for the years ended December 31, 2015, 2014 and 2013, which are not included in this annual report.

Certain numerical figures set out in this annual report, including financial data presented in millions or thousands and percentages describing market shares, have been subject to rounding adjustments, and, as a result, the totals of the data in this annual report may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in “Item 5.—Operating and Financial Review and Prospects” are calculated using the numerical data in our Consolidated Financial Statements or the tabular presentation of other data (subject to rounding) contained in this annual report, as applicable, and not using the numerical data in the narrative description thereof.

## PART I

### ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

### ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

### ITEM 3. KEY INFORMATION

#### A. Selected Financial Data

The following tables present selected consolidated financial and business level information for Ferroglobe as of and for the years ended December 31, 2017, 2016 and 2015 and, its predecessor, FerroAtlántica, as of and for the years ended December 31, 2014 and 2013.

The selected financial information as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015 is derived from our Consolidated Financial Statements, prepared in accordance with IFRS, which are included elsewhere in this annual report. The selected financial information as of December 31, 2015 and as of and for the years ended December 31, 2014 and 2013 is derived from our (or FerroAtlántica's) audited consolidated financial statements and related notes for the years ended December 31, 2015, 2014 and 2013, which are not included elsewhere in this annual report.

The selected consolidated financial information as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013 is not intended to be an indicator of our financial condition or results of operations in the future. You should review such selected consolidated financial information together with our Consolidated Financial Statements, included elsewhere in this annual report.

Ferroglobe was formed with the consummation of the Business Combination on December 23, 2015. FerroAtlántica is the Company's "Predecessor" for accounting purposes. Therefore, the results of Ferroglobe for the 2015 fiscal year were composed of the results of:

- Ferroglobe PLC for the period beginning February 5, 2015 (inception of the entity) and ended December 31, 2015;
- FerroAtlántica, the Company's "Predecessor," for the year ended December 31, 2015; and
- Globe for the eight-day period ended December 31, 2015.

The data and results of fiscal years prior to 2015 correspond exclusively to the Predecessor, FerroAtlántica, unless otherwise expressly stated.

The statement of financial position reflects the balance sheet of the Company as of December 31, 2017, 2016 and 2015. The statement of financial position for fiscal years prior to 2015 corresponds exclusively to the balance sheets of the Predecessor, FerroAtlántica.

The following tables should be read in conjunction with "Item 5.A.—Operating and Financial Review and Prospects—Operating Results," and our Consolidated Financial Statements included elsewhere in this annual report.

**Consolidated Income Statement Data**

(\$ thousands)	Year ended December 31,				
	2017	2016	2015 (2)	2014 (1)	2013 (1)
Sales	1,741,693	1,576,037	1,316,590	1,466,304	1,463,878
Cost of sales	(1,043,395)	(1,043,412)	(818,736)	(889,561)	(910,892)
Other operating income	18,199	26,215	15,751	6,891	36,904
Staff costs	(301,963)	(296,399)	(205,869)	(218,043)	(217,527)
Other operating expense	(239,926)	(243,946)	(200,296)	(165,491)	(197,670)
Depreciation and amortization charges, operating allowances and write-downs	(104,529)	(125,677)	(67,050)	(74,752)	(79,103)
<b>Operating profit (loss) before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other losses</b>	<b>70,079</b>	<b>(107,182)</b>	<b>40,390</b>	<b>125,348</b>	<b>95,590</b>
Impairment losses	(30,957)	(268,089)	(52,042)	(399)	(1,061)
Net gain (loss) due to changes in the value of assets	7,504	1,891	(912)	(9,472)	6,475
(Loss) gain on disposal of non-current assets	(4,316)	340	(2,214)	555	448
Other losses	(2,613)	(40)	(347)	(60)	(2,802)
<b>Operating profit (loss)</b>	<b>39,697</b>	<b>(373,080)</b>	<b>(15,125)</b>	<b>115,972</b>	<b>98,650</b>
Finance income	3,708	1,536	1,096	4,771	2,858
Finance costs	(65,412)	(30,251)	(30,405)	(37,105)	(47,225)
Financial derivative loss	(6,850)	—	—	—	—
Exchange differences	8,214	(3,513)	35,904	7,800	(7,677)
<b>(Loss) profit before tax</b>	<b>(20,643)</b>	<b>(405,308)</b>	<b>(8,530)</b>	<b>91,438</b>	<b>46,606</b>
Income tax benefit (expense)	14,821	46,695	(49,942)	(59,707)	(24,558)
<b>(Loss) profit for the year (3)</b>	<b>(5,822)</b>	<b>(358,613)</b>	<b>(58,472)</b>	<b>31,731</b>	<b>22,048</b>
Loss attributable to non-controlling interests	5,144	20,186	15,204	6,706	6,400
<b>(Loss) profit attributable to the Parent</b>	<b>(678)</b>	<b>(338,427)</b>	<b>(43,268)</b>	<b>38,437</b>	<b>28,448</b>

**Earnings (loss) per share**

(\$ thousands except for share amounts)	2017	2016	2015 (2)	2014 (1)	2013 (1)
(Loss) profit attributable to the Parent	(678)	(338,427)	(43,268)	38,437	28,448
Weighted average basic shares outstanding	171,949,128	171,838,153	99,699,262	98,078,163	98,078,163
<b>Basic (loss) profit per ordinary share</b>	<b>—</b>	<b>(1.97)</b>	<b>(0.43)</b>	<b>0.39</b>	<b>0.29</b>
Weighted average basic shares outstanding	171,949,128	171,838,153	99,699,262	98,078,163	98,078,163
Effect of dilutive securities	—	—	—	—	—
Weighted average dilutive shares outstanding	171,949,128	171,838,153	99,699,262	98,078,163	98,078,163
<b>Diluted (loss) earnings per ordinary share</b>	<b>—</b>	<b>(1.97)</b>	<b>(0.43)</b>	<b>0.39</b>	<b>0.29</b>

**Cash dividend declared**

(\$ thousands except for share amounts)	2017	2016	2015 (2)	2014 (1)	2013 (1)
Cash dividends declared	—	54,988	21,479	40,116	27,498
Number of ordinary shares	171,949,128	171,838,153	171,838,153	98,078,163	98,078,163
Cash dividends declared per ordinary share	—	0.32	0.12	0.41	0.28



**Consolidated Statement of Financial Position Data**

(\$ thousands)	As of December 31,				
	2017	2016	2015 (2)	2014 (1)	2013 (1)
Cash and cash equivalents	184,472	196,931	116,666	48,651	62,246
Total assets	2,000,257	2,019,301	2,391,161	1,388,158	1,675,975
Non-current liabilities	612,303	500,503	603,500	468,585	477,125
Current liabilities	450,196	626,756	492,688	411,896	414,884
Equity	937,758	892,042	1,294,973	507,677	783,966

- (1) Financial data for the Predecessor, FerroAtlántica, except for share and per share data, which has been updated to reflect the shares received by the owners of FerroAtlántica as a result of the Business Combination for the years ended December 31, 2014 and 2013.
- (2) Financial data for Ferroglobe is derived from the results and financial position of: (a) Ferroglobe PLC for the period beginning February 5, 2015 (inception of the entity) and ended December 31, 2015; (b) FerroAtlántica for the year ended December 31, 2015; and (c) Globe for the eight-day period ended December 31, 2015.
- (3) Our Spanish hydroelectric operations were determined to be discontinued and classified as held for sale in 2016. In July 2017, we announced that we did not receive the necessary regulatory approvals to divest these assets and the sale did not proceed and our Spanish hydroelectric operations ceased to be classified as held for sale. Accordingly, the results of such operations are presented within continuing operations for the year ended December 31, 2017 and the consolidated income statements for prior periods have been re-presented to show the results of the Spanish energy business within income from continuing operations.

**B. Capitalization and indebtedness.**

Not applicable.

**C. Reasons for the offer and use of proceeds.**

Not applicable.

**D. Risk factors.**

An investment in our ordinary shares carries a significant degree of risk. You should carefully consider the following risks and all other information in this annual report, including our Consolidated Financial Statements. Additional risks and uncertainties we are not presently aware of, or that we currently deem immaterial, could also affect our business operations and financial condition. If any of these risks are realized, our business, results of operations and financial condition could be adversely affected to a material degree. As a result, the trading price of our ordinary shares could decline and you could lose part or all of your investment.

**Risks Related to Our Business and Industry**

***Our operations depend on industries including the aluminum, steel, polysilicon, silicone and photovoltaic/solar industries, which, in turn, rely on several end-markets. A downturn in these industries or end-markets could adversely affect our business, results of operations and financial condition.***

Because we primarily sell the silicon metal, silicon-based alloys, manganese-based alloys and other specialty alloys we produce to manufacturers of aluminum, steel, polysilicon, silicones, and photovoltaic products, our results are significantly affected by the economic trends in the steel, aluminum, polysilicon, silicone and photovoltaic industries. Primary end users that drive demand for steel and aluminum include construction companies, shipbuilders, electric appliance and car manufacturers, and companies operating in the rail and maritime industries. Primary end users that drive demand for polysilicon and silicones include the automotive, chemical, photovoltaic, pharmaceutical, construction and consumer products industries. Demand for steel, aluminum, polysilicon and silicones from such companies is driven primarily by gross domestic product growth and is affected by global economic conditions. Fluctuations in steel and aluminum prices

may occur due to sustained price shifts reflecting underlying global economic and geopolitical factors, changes in industry supply-demand balances, the substitution of one product for another in times of scarcity, and changes in national tariffs. An easing of demand for steel and aluminum can quickly cause a substantial build-up of steel and aluminum stocks, resulting in a decline in demand for silicon metal, silicon-based alloys, manganese-based alloys, and other specialty alloys. Polysilicon and silicone producers are subject to fluctuations in crude oil, platinum, methanol and natural gas prices, which could adversely affect their businesses. The photovoltaic industry has been growing in the recent years. However, changes in power regulations in different countries, fluctuations in the relative costs of different sources of energy, and supply-demand balances in the different parts of the value chain, among other factors, may significantly affect the growth prospects of the photovoltaic industry. A significant and prolonged downturn in the end-markets for steel, aluminum, polysilicon, silicone and photovoltaic products, could adversely affect these industries and, in turn, our business, results of operations and financial condition.

***The metals industry is cyclical and has been subject in the past to swings in market price and demand which could lead to volatility in our revenues.***

Our business has historically been subject to fluctuations in the price of our products and market demand for them, caused by general and regional economic cycles, raw material and energy price fluctuations, competition and other factors. The timing, magnitude and duration of these cycles and the resulting price fluctuations are difficult to predict. For example, we experienced a weakened economic environment in national and international metals markets, including a sharp decrease in silicon metal prices in all major markets, from late 2014 to late 2017. The weakened economic environment adversely affected our profitability for the year ended December 31, 2016.

Historically, our subsidiary Globe Metallurgical Inc., has been affected by recessionary conditions in the end-markets for its products, such as the automotive and construction industries. In April 2003, Globe Metallurgical Inc. sought protection under Chapter 11 of the U.S. Bankruptcy Code following its inability to restructure or refinance its indebtedness amidst a confluence of several negative economic and other factors, including an influx of low-priced, dumped imports, which caused it to default on then-outstanding indebtedness. A recurrence of such economic factors could have a material adverse effect on our business, results of operations and financial condition.

Additionally, as a result of unfavorable conditions in the end-markets for its products, Globe Metales S.R.L. (“Globe Metales”) became subject to reorganization proceedings (“*concurso preventivo*”) in 1999, which are scheduled to end in 2020. While such reorganization proceedings are ongoing, Globe Metales cannot dispose of or encumber its registered assets (including its real estate) or perform any action outside its ordinary course of business without prior court approval.

In calendar years 2009 and 2016, the global silicon metal, manganese- and silicon-based alloys industries suffered from unfavorable market conditions. Any decline in the global silicon metal, manganese- and silicon-based alloys industries could have a material adverse effect on our business, results of operations and financial condition. In addition, our business is directly related to the production levels of our customers, whose businesses are dependent on highly cyclical markets, such as the automotive, residential and non-residential construction, consumer durables, polysilicon, steel, and chemical industries. In response to unfavorable market conditions, customers may request delays in contract shipment dates or other contract modifications. If we grant modifications, these could adversely affect our anticipated revenues and results of operations. Also, many of our products are traded internationally at prices that are significantly affected by worldwide supply and demand. Consequently, our financial performance will fluctuate with the general economic cycle, which could have a material adverse effect on our business, results of operations and financial condition.

***Our business is particularly sensitive to increases in energy costs, which could materially increase our cost of production.***

Electricity is one of our largest production components. The price of electricity is determined in the applicable domestic jurisdiction and is influenced both by supply and demand dynamics and by domestic regulations. Changes in local energy policy, increased costs due to scarcity of energy supply, climate conditions, the termination or non-renewal of any of our power purchase contracts and other factors may affect the price of electricity supplied to our plants and adversely affect our results of operations and financial conditions.

Because electricity is indispensable to our operations and accounts for a high percentage of our production costs, we are particularly vulnerable to supply limitations and cost fluctuations in energy markets. For example, at our Spanish, Argentine, South African and Chinese plants, production must be modulated to reduce consumption of energy in peak hours or in seasons with higher energy prices, in order for us to maintain profitability. Our Venezuelan operations depend on national hydraulic energy production (rainfall) to produce sufficient power to provide a reliable source of supply, which is not always possible. Moreover, electricity prices in Venezuela recently have been affected by severe currency fluctuations. Generation of electricity in Spain and France by our own hydroelectric power operations partially mitigates our exposure to price increases in those two markets. However, we have pursued in the past the possibility of disposing of those operations, and may do so in the future. Such a divestiture, if completed, would result in a greater exposure to increases in electricity prices.

Electrical power to our U.S. and Canada facilities is supplied mostly by American Electric Power Co., Alabama Power Co., Brookfield Renewable Partners L.P., Hydro-Québec, the Tennessee Valley Authority, and Niagara Mohawk Power Corporation through dedicated lines. Our Alloy, West Virginia facility obtains approximately 56% of its power needs under a fixed-price power purchase agreement with a nearby hydroelectric facility owned by a Brookfield affiliate. This facility is over 70 years old and any breakdown could result in the Alloy facility having to purchase more grid power at higher rates. The energy supply for our Mendoza, Argentina facility is supplied by local utility Edemsa under a power purchase agreement expiring in December 2019. Energy rates in Argentina have increased on average by 200% since February 2016, resulting in challenges before the courts (with preliminary injunctive relief having been granted) as alternative arrangements are being negotiated. There can be no assurance that such negotiations will be completed on terms we consider to be commercially reasonable, or at all.

Energy supply to our facilities in South Africa is provided by Eskom (State-owned power utility) through rates that are approved annually by the national power regulator (NERSA). These rates have had an upward trend in the past years, due to the instability of available supply, and are likely to continue increasing. Also, NERSA applies certain revisions to rates based on cost variances for Eskom that are not within our control. We have completed negotiations with Eskom for a new power contract for 2018 and 2019.

In Spain, power is purchased in a competitive wholesale market. Our facilities have to pay access tariffs to the national grid and get certain payments in exchange for providing services to the grid (*i.e.*, interruptibility services). The volatile nature of the wholesale market in Spain results in price uncertainty that can be only partially offset by financial hedging contracts.

***Energy prices in Spain are volatile and such volatility could have a material adverse effect on our business, results of operations, and financial condition.***

Almost all of the revenues from Ferroglobe's energy segment are tied, either directly or indirectly, to wholesale market prices for electricity in Spain, which are volatile and may decline due to a number of factors that are not within our control. These include the price of fuels used to generate electricity by other means, the amount of excess generating capacity relative to load in particular markets, the cost of controlling polluting emissions, the structure and regulation of the electricity market overall, and fluctuations in demand, including weather conditions that impact electrical load. In addition, other power generators may develop new technologies or improvements to traditional technologies to produce power that could increase the supply of electricity and cause a sustained reduction in market prices for electricity.

The possible divestiture in the future of any of our hydroelectric power operations would result in a greater exposure to increases in electricity prices in that market.

***Our energy operations and revenues depend largely on government regulation of the power sector and our business may be adversely affected if such policies are amended or eliminated.***

Our energy operations and revenues depend largely on government regulation of the power sector. For example, in 2013, Spain introduced a new regulatory regime for renewable energies, which, among other things, suspended the pre-existing feed-in tariff support scheme for renewable energy producers that had benefitted us. This has had an adverse effect on the

profitability of our energy operations, as prices at which we are able to sell electricity are now substantially dependent on the volatile wholesale market. If other power sector programs and regulations are adversely amended, reduced, eliminated, or subjected to new restrictions, it could have a material adverse effect on the profitability of our energy operations.

***Losses caused by disruptions in the supply of power would reduce our profitability.***

Large amounts of electricity are used to produce silicon metal, manganese- and silicon-based alloys and other specialty alloys, and our operations are heavily dependent upon a reliable supply of electrical power. We may incur losses due to a temporary or prolonged interruption of the supply of electrical power to our facilities, which can be caused by unusually high demand, blackouts, equipment failure, natural disasters or other catastrophic events, including failure of the hydroelectric facilities that currently provide power under contract to our West Virginia, New York, Québec and Argentina facilities. Additionally, on occasion, we have been instructed to suspend operations for several hours by the sole energy supplier in South Africa due to a general power shortage in the country. It is possible that this supplier may instruct us to suspend our operations for a similar or longer period in the future. Such interruptions or reductions in the supply of electrical power adversely affect production levels and may result in reduced profitability. Our insurance coverage does not cover all interruption events and may not be sufficient to cover losses incurred as a result.

In addition, investments in Argentina's electricity generation and transmission systems have been lower than the increase in demand in recent years. If this trend is not reversed, there could be electricity supply shortages as the result of inadequate generation and transmission capacity. Given the heavy dependence on electricity of our manufacturing operations, any electricity shortages could adversely affect our financial results.

Government regulations of electricity in Argentina give priority of use of hydroelectric power to residential users and subject violators of these restrictions to significant penalties. This preference is particularly acute during Argentina's winter months due to a lack of natural gas. We have previously successfully petitioned the government to exempt us from these restrictions given the demands of our business for continuous supply of electric power. If we are unsuccessful in our petitions or in any action we take to ensure a stable supply of electricity, our production levels may be adversely affected and our profitability reduced.

***Any decrease in the availability, or increase in the cost, of raw materials or transportation could materially increase our costs.***

Principal components in the production of silicon metal, silicon-based alloys and manganese-based alloys include metallurgical-grade coal, charcoal, graphite and carbon electrodes, manganese ore, quartzite, wood chips, steel scrap, and other metals. While we own certain sources of raw materials, we also buy raw materials on a spot or contracted basis. The availability of these raw materials and the prices at which we purchase them from third-party suppliers depend on market supply and demand and may be volatile. Our ability to obtain these materials in a cost efficient and timely manner is dependent on certain suppliers, their labor union relationships, mining and lumbering regulations and output and general local economic conditions.

We make extensive use of shipping by sea, rail and truck to obtain the raw materials used in our production and deliver our products to customers, depending on the geographic region and product or input. Raw materials and products often must be transported over long distances between mines and other production sites and the plants where raw materials are consumed, and between those sites and our customers. Any severe delay, interruption or other disruption in such transportation, any material damage to raw materials utilized by us or to our products while being transported, or a sharp rise in transportation prices could have a material adverse effect on our business, results of operations and financial condition. In addition, because we may not be able to obtain adequate supplies of raw materials from alternative sources on terms as favorable as our current arrangements, or at all, any disruption or shortfall in the production and delivery of raw materials could result in higher raw materials costs and likewise materially adversely affect our business, results of operations and financial condition.

***Cost increases in raw material inputs may not be passed on to our customers, which could negatively impact our profitability.***

The prices of our raw material inputs are determined by supply and demand, which may be influenced by, *inter alia*, economic growth and recession, changes in world politics, unstable governments in exporting nations, and inflation. The market prices of raw material inputs will thus fluctuate over time, and we may not be able to pass significant price increases on to our customers. If we do try to pass them on, we may lose sales and thereby revenue, in addition to having the higher costs. Additionally, decreases in the market prices of our products will not necessarily enable us to obtain lower prices from our suppliers.

***Metallurgical manufacturing and mining are inherently dangerous activities and any accident resulting in injury or death of personnel or prolonged production shutdowns could adversely affect our business and operations.***

Metallurgical manufacturing generally, and smelting in particular, is inherently dangerous and subject to fire, explosion and sudden major equipment failure. Quartz and coal mining are inherently dangerous and subject to numerous hazards, including collisions, equipment failure, accidents arising from the operation of large mining and rock transportation equipment, dust inhalation, flooding, collapse, blasting operations and operating in extreme climatic conditions. These hazards have led to accidents resulting in the serious injury and death of production personnel and prolonged production shutdowns in the past. We may experience fatal accidents or equipment malfunctions in the future, which could have a material adverse effect on our business and operations.

***We are heavily dependent on our mining operations, which are subject to risks that are beyond our control and which could result in materially increased expenses and decreased production levels.***

We mine quartz and quartzite at open pit mining operations and coal at underground and surface mining operations. We are heavily dependent on these mining operations for our quartz and coal supplies. Certain risk factors beyond our control could disrupt our mining operations, adversely affect production and shipments, and increase our operating costs, such as: a major incident at the mine site that causes all or part of the operations of the mine to cease for some period of time; mining, processing and plant equipment failures and unexpected maintenance problems; changes in reclamation costs; the inability to renew mining concessions upon their expiration; the expropriation of territory subject to a valid concession without sufficient compensation; and adverse weather and natural disasters, such as heavy rains or snow, flooding and other natural events affecting operations, transportation or customers.

Regulatory agencies have the authority under certain circumstances following significant health and safety violations or incidents to order a mine to be temporarily or even permanently closed. If this occurs, we may be required to incur significant legal and capital expenditures to re-open the affected mine. In addition, environmental regulations and enforcement could impose unexpected costs on our mining operations, and future regulations could increase those costs or limit our ability to produce quartz and sell coal. A failure to obtain and renew permits necessary for our mining operations could limit our production and negatively affect our business. It is also possible that we have extracted or may in the future extract quartz from territory beyond the boundary of our mining concession or mining right, which could result in penalties or other regulatory action or liabilities.

***We are subject to environmental, health and safety regulations, including laws that impose substantial costs and the risk of material liabilities.***

Our operations are subject to extensive foreign, federal, national, state, provincial and local environmental, health and safety laws and regulations governing, among other things, the generation, discharge, emission, storage, handling, transportation, use, treatment and disposal of hazardous substances; land use, reclamation and remediation; waste management and pollution prevention measures; greenhouse gas emissions; and the health and safety of our employees. We are also required to obtain permits from governmental authorities for certain operations, and to comply with related laws and regulations. We may not have been and may not be at all times in complete compliance with such permits and related laws and regulations. If we violate or fail to comply with these permits and related laws and regulations, we could be subject to penalties, restrictions on operations or other sanctions, obligations to install or upgrade pollution control

equipment and legal claims, including for alleged personal injury or property or environmental damages. Such liability could adversely affect our reputation, business, results of operations and financial condition. In addition, in the context of an investigation, the government may impose technology upgrades to our facilities that could represent material capital expenses. For example, we have received two Notices and Findings of Violation (“NOV/FOV”) from the federal government, alleging numerous violations of the Clean Air Act relating to Globe Metallurgical Inc.’s (“GMI”) Beverly facility. Should GMI and the federal government be unable to reach a negotiated resolution of the NOV/FOVs, the government could file a formal lawsuit in federal court for injunctive relief, potentially requiring GMI to implement emission reduction measures, and for civil penalties. The statutory maximum penalty is \$93,750 per day per violation, from April, 2013 to the present. See “Item 8.A.—Financial Information—Consolidated Financial Statements and Other Financial Information—Legal proceedings” for additional information.

The metals and mining industry is generally subject to risks and hazards, including fire, explosion, toxic gas leaks, spilling of polluting substances or other hazardous materials, rockfalls, and incidents involving mobile equipment, vehicles or machinery. These could occur by accident or by breach of operating and maintenance standards, and could result in personal injury, illness or death of employees or contractors, or in environmental damage, delays in production, monetary losses and possible legal liability.

Under certain environmental laws, we could be required to remediate or be held responsible for all of the costs relating to any contamination at our or our predecessors’ past or present facilities and at third party waste disposal sites. We could also be held liable under these environmental laws for sending or arranging for hazardous substances to be sent to third party disposal or treatment facilities if such facilities are found to be contaminated. Under these laws we could be held liable even if we did not know of, or did not cause, such contamination, or even if we never owned or operated the contaminated disposal or treatment facility.

There are a variety of laws and regulations in place or being considered at the international, federal, regional, state and local levels of government that restrict or are reasonably likely to restrict emissions of carbon dioxide and other greenhouse gases. These legislative and regulatory developments may cause us to incur material costs if we are required to reduce or offset greenhouse gas emissions, or to purchase emission credits or allowances, and may result in a material increase in our energy costs due to additional regulation of power generators. Environmental laws are complex, change frequently and are likely to become more stringent in the future. Because environmental laws and regulations are becoming more stringent and new environmental laws and regulations are continuously being enacted or proposed, such as those relating to greenhouse gas emissions and climate change, the level of expenditures required for environmental matters could increase in the future. Future legislative action and regulatory initiatives could result in changes to operating permits, additional remedial actions, material changes in operations, increased capital expenditures and operating costs, increased costs of the goods we sell, and decreased demand for our products that cannot be assessed with certainty at this time.

Therefore, our costs of complying with current and future environmental laws, and our liabilities arising from past or future releases of, or exposure to, hazardous substances may adversely affect our business, results of operations and financial condition.

***Compliance with existing and proposed climate change laws and regulations, could adversely affect our performance.***

Under current European Union legislation, all industrial sites are subject to cap-and-trade programs, by which every facility with carbon emissions is required to purchase in the market emission rights for volumes of emission that exceed a certain allocated level. So far, and until 2020, the allocated level of emissions is such that the potential requirements of emissions rights purchases will have a limited impact on our business. After 2020, however, new regulations may require significant purchases of emissions rights in the market. Also, certain Canadian provinces have implemented cap-and-trade programs. As a result, our facilities in Canada and in the European Union may be required to purchase emission credits in the future (85% of the cost of which may be exempted in the European Union). The requirement to purchase emissions rights in the market could result in material increased compliance costs, additional operating restrictions for our business, and an increase in the cost of the products we produce, which could have a material adverse effect on our financial position, results of operations, and liquidity.

In other jurisdictions, including the United States and South Africa, some of the proposals for climate change legislation would require businesses that emit greenhouse gases to buy emission credits from the government, other businesses or through an auction process. While no such requirements applicable to our business have yet been adopted, if any such program were adopted in the future, we may be required to purchase emission credits for greenhouse gas emissions resulting from our operations. Although it is not possible at this time to predict what, if any, climate change laws or regulations will be adopted, any new restrictions on greenhouse gas emissions, including a cap-and-trade program or an emissions tax, could result in material increased compliance costs, additional operating restrictions for our business, and an increase in the cost of the products we produce, which could have a material adverse effect on our financial position, results of operations and liquidity.

***We make a significant portion of our sales to a limited number of customers, and the loss of a portion of the sales to these customers could have a material adverse effect on our revenues and profits.***

In the year ended December 31, 2017, Ferroglobe's ten largest customers accounted for approximately 47.1% of Ferroglobe's consolidated revenue and sales corresponding to Dow Corning Corporation, including sales from our joint venture operations, represented 12.2% of our sales. We expect that we will continue to derive a significant portion of our business from sales to these customers.

Some of the contracts with our customers do not provide commitments from our customers to purchase specified or minimum volumes of products for terms longer than one month to one year. Accordingly, with respect to these contracts, we do not benefit from any contractual protection mechanism in case of unexpected reduced demand for our products from such customers as a result of, for instance, downturns in the industries in which these customers operate or any other factor affecting their business, and this could have a material adverse effect on our revenues and profits.

If we were to experience a significant reduction in the amount of sales we make to some or all of these customers and could not replace these sales with sales to other customers, this could have a material adverse effect on our revenues and profits.

***Our business benefits from antidumping and countervailing duty orders and laws that protect our products by imposing special duties on unfairly traded imports from certain countries. If these duties or laws change, certain foreign competitors might be able to compete more effectively.***

Antidumping and countervailing duty orders are designed to provide relief from imports sold at unfairly low or subsidized prices by imposing special duties on such imports. Such orders normally benefit domestic suppliers and foreign suppliers not covered by the orders. In the United States, antidumping duties are in effect covering silicon metal imports from China and Russia. In the European Union, antidumping duties are in place covering silicon metal imports from China and ferrosilicon imports from China and Russia. In Canada, antidumping and countervailing duties are in place covering silicon metal imports from China.

The current antidumping and countervailing duty orders may not remain in effect and continue to be enforced from year to year, the products and countries now covered by orders may no longer be covered, and duties may not continue to be assessed at the same rates. In the United States, rates of duty can change as a result of "administrative reviews" of antidumping and countervailing duty orders. These orders can also be revoked as a result of periodic "sunset reviews," which determine whether the orders will continue to apply to imports from particular countries. A sunset review of the U.S. antidumping order covering silicon metal imports from China is currently being conducted. Antidumping and countervailing duties in the European Union and Canada are also subject to periodic reviews. In the European Union and in Canada, such reviews can include interim reviews, expiry reviews and other types of proceedings that may result in changes in rates of duty or termination of the duties.

Similarly, export duties imposed by foreign governments that are currently in place may change. For example, duties on Chinese exports of types of ferroalloys produced by Ferroglobe could be reduced.

Changes in any of these factors could adversely affect our business and profitability. Finally, at times, in filing trade actions, we arguably act against the interests of our customers. Certain of our customers may not continue to do business with us as a result.

In December 2016, Ferroglobe subsidiaries in Canada filed a complaint with the Canada Border Services Agency alleging that silicon metal from Brazil, Kazakhstan, Laos, Malaysia, Norway, Russia and Thailand is dumped, and that silicon metal from Brazil, Kazakhstan, Malaysia, Norway and Thailand is subsidized. In March 2017, Ferroglobe subsidiary Globe Specialty Metals petitioned the U.S. Department of Commerce and the U.S. International Trade Commission to provide relief from dumped and subsidized silicon metal imports from Australia, Brazil, Kazakhstan and Norway. In both cases, the agencies found that imports covered by the cases were unfairly traded, but determined that the domestic industry was not injured by the unfair imports. These injury determinations could adversely affect our business and profitability in the United States and Canada. Such determinations are subject to judicial review. In Canada, an appeal is pending; in the United States, the possibility of an appeal is being evaluated.

In June 2017, Euroalliages (representing European Union producers including Ferroglobe) filed a complaint with DG Trade of the European Commission alleging that ferro-silicon originating in Egypt and Ukraine is dumped. In April 2018, the Commission notified interested parties that the complaint had been withdrawn and that it considered that the investigation should be terminated without measures. The fact that the case is not going to be successful could adversely affect our sales or our relationships with customers in the European Union.

In November 2017, Ferroglobe subsidiaries in the European Union filed a complaint with DG Trade of the European Commission alleging that silicon metal originating in Brazil and Bosnia is dumped. That investigation is ongoing and no findings have been issued yet.

***Products we manufacture may be subject to unfair import competition that may affect our profitability.***

A number of the products we manufacture, including silicon metal and ferrosilicon, are globally-traded commodities that are sold primarily on the basis of price. As a result, our sales volumes and prices may be adversely affected by influxes of imports of these products that are dumped or are subsidized by foreign governments. Our silicon metal and ferrosilicon operations have been injured by such unfair import competition in the past. The antidumping and countervailing duty laws provide a remedy for unfairly traded imports in the form of special duties imposed to offset the unfairly low pricing or subsidization. However, the process for obtaining such relief is complex and uncertain. As a result, while we have sought and obtained such relief in the past, in some cases we have not been successful. Thus, there is no assurance that such relief will be obtained, and if it is not, unfair import competition could have a material adverse effect on our business, results of operations and financial condition.

***Competitive pressure from Chinese steel, aluminum, polysilicon and silicone producers may adversely affect the business of our customers, reducing demand for our products. Our customers may relocate to China, where they may not continue purchasing from us.***

China's aluminum, polysilicon and steel producing capacity exceeds local demand and has made China an increasingly large net exporter of aluminum and steel, and the Chinese silicone manufacturing industry is growing. Chinese aluminum, polysilicon, steel and silicone producers — who are unlikely to purchase silicon metal, manganese- and silicon-based alloys and other specialty metals from our plants outside of China due to the ample availability of domestic Chinese production — may gain global market share at the expense of our customers. An increase in Chinese aluminum, steel, polysilicon and silicone industry market share could adversely affect the production volumes, revenue and profits of our customers, resulting in reduced purchases of our products.

Moreover, our customers might seek to relocate or refocus their operations to China or other countries with lower labor costs and higher growth rates. Any that do so might thereafter choose to purchase from other suppliers of silicon metal, manganese- and silicon-based alloys and other specialty metals which in turn could have a material adverse effect on our business, results of operations and financial condition.



***We are subject to the risk of union disputes and work stoppages at our facilities, which could have a material adverse effect on our business.***

A majority of our employees are members of labor unions. In the future, we may experience protracted negotiations with labor unions, strikes, work stoppages or other industrial actions from time to time. Strikes called by employees or unions could materially disrupt our operations, including production schedules and delivery times. In 2014, there was a strike at our South African subsidiary that required us to reduce production for seven days. We have also experienced strikes by our employees in France from time to time. Any such work stoppage could have a material adverse effect on our business, results of operations and financial condition.

New labor contracts will have to be negotiated to replace expiring contracts from time to time. It is possible that future collective bargaining agreements will contain terms less favorable than the current agreements. Any failure to negotiate renewals of labor contracts on terms acceptable to us, with or without work stoppages, could have a materially adverse effect on our business, results of operations and financial condition.

Many of our key customers or suppliers are similarly subject to union disputes and work stoppages, which may reduce their demand for our products or interrupt the supply of critical raw materials and impede their ability to fulfill their commitments under existing contracts. In 2016, we temporarily reduced production at one of our plants as a result of a strike affecting one of our customers which resulted in delays in contract shipment dates and led to a decrease in prices for certain of our products.

***We are dependent on key personnel.***

Our success depends in part upon the retention of key employees. Competition for qualified personnel can be intense. Current and prospective employees may experience uncertainty about the effect of the Business Combination, which may impair our ability to attract, retain and motivate key management, sales, technical and other personnel.

If key employees depart, further integration of our FerroAtlántica and Globe divisions may be more difficult and our overall business may be harmed. We also may have to incur significant costs in identifying, hiring and retaining replacements for departing employees, may lose significant expertise and talent relating to our business and our ability to further realize the anticipated benefits of the Business Combination may be adversely affected. In addition, the departure of key employees could cause disruption or distractions for management and other personnel. Furthermore, we cannot be certain that we will be able to attract and retain replacements of a similar caliber as departing key employees.

The long term success of our Business Combination, which was consummated on December 23, 2015, depends to a significant degree on the continued employment of our core senior management team. In particular, we are dependent on the skills, knowledge and experience of Javier López Madrid, our Executive Chairman, Pedro Larrea Paguaga, our Chief Executive Officer, and Joseph Ragan, our Chief Financial Officer. If these employees are unable to continue in their respective roles, or if we are unable to attract and retain other skilled employees, our business, results of operations and financial condition could be adversely affected. We currently have employment agreements with Messrs. López Madrid, Larrea Paguaga and Ragan. These agreements contain certain non-compete provisions, which may not be fully enforceable by us. Additionally, we are substantially dependent upon key personnel among our financial and information technology staff, who enable us to meet our regulatory, contractual and financial reporting obligations, including reporting requirements under our credit facilities.

***In certain circumstances, the members of our Board may have interests that may conflict with yours as a holder of ordinary shares.***

Our directors have no duty to us with respect to any information such directors may obtain (i) otherwise than as our directors and (ii) in respect of which directors owe a duty of confidentiality to another person, provided that where a director's relationship with such other person gives rise to a conflict, such conflict has been authorized by our Board in

accordance with our articles of association (“Articles”). Our Articles provide that a director shall not be in breach of the general duties directors owe to us pursuant to the UK Companies Act 2006 because such director:

- fails to disclose any such information to our Board, directors or officers; or
- fails to use or apply any such information in performing such director’s duties as a director.

In such circumstances, certain interests of the members of our Board may not be aligned with your interests as a holder of ordinary shares and the members of our Board may engage in certain business and other transactions without any accountability or obligation to us.

***Shortages of skilled labor could adversely affect our operations.***

We depend on skilled labor for the operation of our submerged arc furnaces and other facilities. Some of our facilities are located in areas where demand for skilled personnel often exceeds supply. Shortages of skilled furnace technicians and other skilled workers could restrict our ability to maintain or increase production rates, lead to production inefficiencies and increase our labor costs.

***We may not realize the cost savings, synergies and other benefits that we expect to achieve from the Business Combination.***

The integration of formerly independent companies is a complex, costly and time-consuming process. We thus are required to devote significant management attention and resources to integrating our business practices and operations. The ongoing integration process may disrupt our business and, if implemented ineffectively, could preclude full realization of the anticipated benefits of the Business Combination. In our efforts to integrate our operations fully and successfully, we may encounter material unanticipated problems, expenses, liabilities, competitive responses, loss of client relationships, and a resulting diversion of management’s attention. The challenges of combining the operations of FerroAtlántica and Globe include, among others:

- managing a significantly larger company;
- coordinating geographically separate organizations;
- potential diversion of management focus and resources from ordinary operational matters and future strategic opportunities;
- retaining existing customers and attracting new customers;
- maintaining employee morale and retaining key management and other employees;
- integrating two unique business cultures that are not necessarily compatible;
- the possibility of faulty assumptions underlying expectations of the Business Combination;
- issues in achieving anticipated operating efficiencies, business opportunities and growth prospects;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- issues in integrating information technology, communications and other systems;
- changes in applicable laws and regulations;

- changes in tax laws (including under applicable tax treaties) and regulations or to the interpretation of such tax laws or regulations by the governmental authorities; and
- managing tax costs or inefficiencies associated with integrating our operations.

Many of these factors are outside of our control and any one of them could result in increased costs, decreased revenues and diversion of management's time and energy, which could materially impact our business, results of operations and financial condition. Moreover, even if the operations of FerroAtlántica and Globe are integrated successfully, we may not fully realize the benefits of the Business Combination, including the synergies, cost savings or sales or growth opportunities that we expect, within the anticipated time frame or at all. As a result, we cannot assure our shareholders that the Business Combination will result in the full realization of the benefits anticipated.

***Because the proceeds of the R&W Policy will not be sufficient to fully compensate for losses attributable to breaches of representations and warranties made by Grupo VM and FerroAtlántica in the Business Combination Agreement, and the proceeds under the R&W Policy are required to be distributed to the holders of the Trust Units, we may be required to use our existing cash on hand or draw under our credit facility to fund any actual loss incurred.***

We purchased a Representations and Warranties insurance policy (the "R&W Policy") in connection with the Business Combination to insure us against breaches of certain representations and warranties made by Grupo Villar Mir S.A.U. ("Grupo VM") and FerroAtlántica in the Business Combination Agreement (as defined below). The R&W Policy has a face amount equal to \$50,000,000 and is subject to an initial retention amount of \$10,000,000, as well as other limitations and conditions. As a result of Grupo VM's ownership of the Company following completion of the Business Combination, the R&W Policy only provides insurance to the extent of approximately 43% of insurable losses incurred by us. Accordingly, the proceeds of the R&W Policy will not be sufficient to fully compensate for losses attributable to breaches of representations and warranties made by Grupo VM and FerroAtlántica. In addition, we will not be able to recover losses attributable to breaches of representations and warranties that are excluded from the R&W Policy (including, for example, any purchase price, net worth or similar adjustment provisions of the Business Combination Agreement (hereinafter "Business Combination Agreement" or "BCA"), transfer pricing, environmental or pollution matters, the intended tax treatment of the Business Combination, etc.), or losses that would result in payments under the R&W Policy in excess of the \$50,000,000 face amount of the R&W Policy.

On November 18, 2016, Ferroglobe completed the distribution to the holders of our ordinary shares at the time of beneficial interest units (the "Trust Units") in a newly formed Delaware Statutory Trust, Ferroglobe Representation and Warranty Insurance Trust ("Ferroglobe R&W Trust"), to which Ferroglobe had assigned its interest in the R&W Policy. Having assigned the R&W Policy, if we suffer a loss attributable to breaches of representations and warranties by Grupo VM or FerroAtlántica, we will be required to use our existing cash on hand or draws under our credit facility to fund the actual loss incurred to the extent that it is not met by Grupo VM, in the case of a breach by Grupo VM. Losses attributable to breaches of representations and warranties by Grupo VM or FerroAtlántica could have a material adverse effect on our business, financial condition and results of operations.

***Any failure to integrate recently acquired businesses successfully or to complete future acquisitions successfully could be disruptive of our business and/or limit our future growth.***

From time to time, we expect to pursue acquisitions in support of our strategic goals. In connection with any such acquisition, we could face significant challenges in managing and integrating our expanded or combined operations, including acquired assets, operations and personnel. There can be no assurance that acquisition opportunities will be available on acceptable terms or at all or that we will be able to obtain necessary financing or regulatory approvals to complete potential acquisitions. Our ability to succeed in implementing our strategy will depend to some degree upon the ability of our management to identify, complete and successfully integrate commercially viable acquisitions. Acquisition transactions may disrupt our ongoing business and distract management from other responsibilities.

For example, in February 2018, we completed the acquisition from a wholly-owned subsidiary of Glencore International AG ("Glencore") of a 100% interest in Glencore's manganese alloys plants in Mo I Rana (Norway) and Dunkirk (France).

Although the purchase was made under what we believe to be favorable financial terms and we expect it to result in a 10-20% increase in Company-wide revenue, the acquisition increases the management complexity of our operations, adds a new currency (Norwegian Krone) to our foreign exchange exposure, and will require additional attention from management in order for us to successfully integrate and capture synergies. There can be no assurance that the acquisition will result in the realization of the benefits anticipated.

***Grupo VM, our principal shareholder, has significant voting power with respect to corporate matters considered by our shareholders.***

Our principal shareholder, Grupo VM, owns shares representing approximately 53% of the aggregate voting power of our capital stock. By virtue of Grupo VM's voting power, as well as Grupo VM's representation on the Board, Grupo VM will have significant influence over the outcome of any corporate transaction or other matters submitted to our shareholders for approval. Grupo VM will be able to block any such matter, including ordinary resolutions, which, under English law, require approval by a majority of outstanding shares cast in the vote. Grupo VM will also be able to block special resolutions, which, under English law, require approval by the holders of at least 75% of the outstanding shares entitled to vote and voting on the resolution, such as an amendment of the Articles or the exclusion of preemptive rights. Our principal shareholder has, and will continue to have, directly or indirectly, the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve other changes to our operations.

***Grupo VM, which owns approximately 53% of our outstanding shares, has pledged most of its shares to secure its obligations to Crédit Agricole Corporate and Investment Bank, Banco Santander and HSBC; if Grupo VM defaults on the underlying loan, we could experience a change in control.***

Grupo VM guaranteed its obligations pursuant to a credit agreement (the "GVM Credit Agreement"), which allows them to borrow up to €415 million ("GVM Loan"). In March 2015, Grupo VM entered into a security and pledge agreement, as amended and restated on February 14, 2018 (the "GVM Pledge Agreement"), with Crédit Agricole Corporate and Investment Bank, S.A., Banco Santander, S.A., HSBC Bank PLC and Société Générale, S.A. (the "Lenders"), pursuant to which Grupo VM agreed to pledge most of its shares to the Lenders to secure the outstanding GVM Loan. In the event Grupo VM defaults under the GVM Credit Agreement, the Lenders may foreclose on the shares subject to the pledge. In such case, we could experience a change of control. Upon a change in control, we may be required, among other things, immediately to repay outstanding principal as well as, accrued interest and any other amounts owed by us under one or more of our bank facilities or our other debt. If upon a change of control, we do not have sufficient funds available to make such payments out of our available cash, third party financing would be needed, yet may be impermissible under our other debt agreements. In addition, certain other contracts we are party to from time to time may contain change of control provisions. Upon a change in control, such provisions may be triggered, which could cause our contracts to be terminated or give rise to other obligations, each of which could have a material adverse effect on our business, results of operations and financial condition.

***We may engage in related party transactions with affiliates of Grupo VM, our principal shareholder.***

Conflicts of interest may arise between our principal shareholder and your interests as a shareholder. Our principal shareholder has, and will continue to have, directly or indirectly, the power, among other things, to affect our day-to-day operations, including the pursuit of related party transactions. We have entered, and may in the future enter, into agreements with companies who are affiliates of Grupo VM, our principal shareholder. Such agreements have been approved by, or would be subject to the approval of, the Board. The terms of such agreements may present material risks to our business and results of operations. For example, we recently entered into a series of projects and an agreement in respect of a joint venture with AurinkaPhotovoltaic Group S.L. ("Aurinka") and Blue Power Corporation S.L. ("Blue Power"), a company partly owned by Mr. Javier López Madrid, our Executive Chairman. We have also entered into a number of other agreements with affiliates of Grupo VM with respect to, among other things, the provision of information technology and data processing services and the management of certain aspects of our hydroelectric plants. See "Item 7.B.—Major Shareholders and Related Party Transactions—Related Party Transactions."

***We are exposed to significant risks in relation to compliance with anti-bribery and corruption laws, anti-money laundering laws and regulations, and economic sanctions programs.***

Doing business on a worldwide basis requires us to comply with the laws and regulations of various jurisdictions. In particular, our international operations are subject to anti-corruption laws, most notably the U.S. Foreign Corrupt Practices Act of 1977 (“FCPA”) and the UK Bribery Act of 2010 (the “Bribery Act”), international trade sanctions programs, most notably those administered by the U.N., U.S. and European Union, anti-money laundering laws and regulations, and laws against human trafficking and slavery, most notably the UK Modern Slavery Act 2015 (“Modern Slavery Act”).

The FCPA and Bribery Act prohibit offering or providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. We may deal from time to time with both governments and state-owned business enterprises, the employees of which are considered foreign officials for purposes of these laws. International trade sanctions programs restrict our business dealings with or relating to certain sanctioned countries and certain sanctioned entities and persons no matter where located.

As a result of doing business internationally, we are exposed to a risk of violating applicable anti-bribery and corruption (“ABC”) laws, international trade sanctions, and anti-money laundering (“AML”) laws and regulations. Some of our operations are located in developing countries that lack well-functioning legal systems and have high levels of corruption. Our continued expansion and worldwide operations, including in developing countries, our development of joint venture relationships worldwide, and the engagement of local agents in the countries in which we operate tend to increase the risk of violations of such laws and regulations. Violations of ABC laws, AML laws and regulations, and trade sanctions are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as criminal penalties including possible imprisonment. Moreover, any major violations could have a significant impact on our reputation and consequently on our ability to win future business.

For its part, the Modern Slavery Act requires any commercial organization that carries on a business or part of a business in the United Kingdom which (i) supplies goods or services and (ii) has an annual global turnover of £36 million to prepare a slavery and human trafficking statement for each financial year ending on or after March 31, 2016. In this statement, the commercial organization must set out the steps it has taken to ensure there is no modern slavery in its own business and its supply chain, or provide an appropriate negative statement. The UK Secretary of State may enforce this duty by means of civil proceedings. Ferroglobe is currently in compliance with the Act, and we believe it will remain so, but the nature of our operations and the regions in which we operate may make it difficult or impossible for us to detect all incidents of modern slavery in certain of our supply chains. Any failure in this regard would not violate the Modern Slavery Act *per se*, but could have a significant impact on our reputation and consequently on our ability to win future business.

We seek to build and continuously improve our systems of internal controls and to remedy any weaknesses identified. As part of our efforts to comply with all applicable law and regulation, we have introduced a global ethics and compliance program. We believe we are devoting appropriate time and resources to its implementation, related training, and to monitoring compliance. Despite these efforts, we cannot be certain that our policies and procedures will be followed at all times or that we will prevent or timely detect violations of applicable laws, regulations or policies by our personnel, partners or suppliers. Any actual or alleged failure to comply with applicable laws or regulations could lead to material liabilities not covered by insurance or other significant losses, which in turn could have a material adverse effect on our business, results of operations, and financial condition.

***We operate in a highly competitive industry.***

The silicon metal market and the silicon-based and manganese-based alloys markets are global, capital intensive and highly competitive. Our competitors may have greater financial resources, as well as other strategic advantages, to maintain, improve and possibly expand their facilities, and, as a result, they may be better positioned than we are to adapt to changes in the industry or the global economy. Advantages that our competitors have over us from time to time, new entrants that increase competition in our industry, and/or increases in the use of substitutes for certain of our products could have a material adverse effect on our business, results of operations and financial condition.

***Though we are not currently operating at full capacity, we have historically operated at near the maximum capacity of our operating facilities. Because the cost of increasing capacity may be prohibitively expensive, we may have difficulty increasing our production and profits.***

Our facilities are able to manufacture, collectively, approximately 416,750 tons of silicon metal (including Dow Corning's portion of the capacity of our Alloy, West Virginia and Bécancour, Québec plants), 534,000 tons of silicon-based alloys and 689,000 tons of manganese-based alloys on an annual basis. Our ability to increase production and revenues will depend on expanding existing facilities, acquiring facilities or building new ones. Increasing capacity is difficult because:

- adding 30,000 tons of new production capacity to an existing silicon manufacturing plant would cost approximately \$120,000 thousand and take at least 12 to 18 months to complete once permits are obtained;
- a greenfield development project would take at least three to five years to complete and would require significant capital expenditure and, regulatory compliance costs; and
- obtaining sufficient and dependable electric power at competitive rates in areas near the required natural resources is extremely difficult.

We may not have sufficient funds to expand existing facilities, acquire new facilities, or open new ones and may be required to incur significant debt to do so, which could have a material adverse effect on our business and financial condition.

***Our actual financial position and results of operations may differ materially from certain of the financial data included in this annual report, and, despite our best efforts, the historical financial information included in this annual report may not be representative of our results for the periods presented or future periods.***

Ferroglobe PLC was formed upon the consummation of the Business Combination on December 23, 2015. FerroAtlántica is the Company's "Predecessor" for accounting purposes. Therefore, the historical data and results of Ferroglobe for the 2015 fiscal year are composed of the results of:

- Ferroglobe PLC for the period beginning February 5, 2015 (inception of the entity) and ending December 31, 2015;
- FerroAtlántica, the Company's "Predecessor," for the twelve-month period ended December 31, 2015; and
- Globe for the eight-day period ended December 31, 2015.

The historical data and results of fiscal years before 2015 correspond exclusively to the Predecessor, unless otherwise expressly stated. This affects the comparability of our historical data and results for the year ended December 31, 2015 and any subsequent periods with our historical data and results for any previous periods.

Furthermore, the historical financial information included in this annual report may not be indicative of our future financial performance or our ability to meet our obligations.

***We are subject to restrictive covenants under our credit facilities and other financing agreements. These covenants could significantly affect the way in which we conduct our business. Our failure to comply with these covenants could lead to an acceleration of our debt.***

We have entered into credit facilities that contain covenants that in certain circumstances, among other things, restrict our ability to sell assets; incur, repay or refinance indebtedness; create liens; make investments; engage in mergers or acquisitions; pay dividends, including dividends by subsidiaries to Ferroglobe PLC; repurchase stock; or make capital expenditures. These credit facilities also require compliance with specified financial covenants, including minimum interest coverage and maximum leverage ratios. We cannot borrow under the credit facilities if the additional borrowings

would cause a breach of such financial covenants. Further, a significant portion of our assets are pledged to secure the indebtedness. For example, certain equity interests and assets are pledged to secure the New Revolving Credit Facility.

We have in the past breached certain financial covenants, including financial maintenance covenants under the Old Revolving Credit Facility as of and for the three months ended September 30 and December 31, 2016, certain covenants under our credit facilities. Our ability to comply with applicable debt covenants may be affected by events beyond our control, potentially leading to future breaches. The breach of any of the covenants contained in our credit facilities, unless waived, would constitute an event of default, in turn permitting the lenders to terminate their commitments to extend credit under, and accelerate the maturity of, the credit facilities in question. If in such circumstances we were unable to repay lenders and holders, or obtain waivers from them on acceptable terms or at all, the lenders and holders could foreclose upon the collateral securing the credit facilities and exercise other rights. Such events, should they occur, could have a material adverse effect on our business, results of operations and financial condition. See “—Risks Related to Our Capital Structure— We are subject to restrictive covenants under our financing agreements, which could impair our ability to run our business” below.

***Our insurance costs may increase materially, and insurance coverages may not be adequate to protect us against all risks and potential losses to which we may be subject.***

We maintain various forms of insurance covering a number of specified and consequential risks and losses arising from insured events under the policies, including certain business interruptions and claims for damage and loss caused by certain natural disasters, such as earthquakes, floods and windstorms. Our existing property and liability insurance coverage contains various exclusions and limitations on coverage. In some previous insurance policy renewals, we have acceded to larger premiums, self-insured retentions and deductibles. For example, as a result of the explosion at our facility in Chateau Feuillet, France, the applicable property insurance premium increased. We may also be subject to additional exclusions and limitations on coverage in future insurance policy renewals. There can be no assurance that the insurance policies we have in place are or will be sufficient to cover all potential losses we may incur. In addition, due to changes in our circumstances and in the global insurance market, insurance coverage may not continue to be available to us on terms we consider commercially reasonable or be sufficient to cover multiple large claims.

***We have operations and assets in the United States, Spain, France, Canada, China, South Africa, Norway, Venezuela, Poland, Argentina, Mauritania and may have operations and assets in other countries in the future. Our international operations and assets may be subject to various economic, social and governmental risks.***

Our international operations and sales may expose us to risks that are more significant in developing markets than in developed markets and which could negatively impact future revenue and profitability. Operations in developing countries may not operate or develop in the same way or at the same rate as might be expected in a country with an economy, government and legal system similar to western countries. The additional risks that we may be exposed to in such cases include, but are not limited to:

- tariffs and trade barriers;
- sanctions and other restrictions in our ability to conduct business with certain countries, companies or individuals;
- recessionary trends, inflation or instability of financial markets;
- regulations related to customs and import/export matters;
- tax issues, such as tax law changes, changes in tax treaties and variations in tax laws;
- changes in regulations that affect our business, such as new or more stringent environmental requirements or sudden and unexpected raises in power rates;
- limited access to qualified staff;

- inadequate infrastructure;
- cultural and language differences;
- inadequate banking systems;
- restrictions on the repatriation of profits or payment of dividends;
- crime, strikes, riots, civil disturbances, terrorist attacks or wars;
- nationalization or expropriation of property;
- law enforcement authorities and courts that are weak or inexperienced in commercial matters; and
- deterioration of political relations among countries.

In addition to the foregoing, exchange controls and restrictions on transfers abroad and capital inflow restrictions have limited, and can be expected to continue to limit, the availability of international credit. For example, the results of operations of our subsidiary in Venezuela have been adversely affected by changes to exchange rate policies there, and while Argentina recently lifted its restrictions limiting the ability of companies to buy foreign currency and to make dividend payments abroad, it devalued the peso, which is likely to fuel inflation and increase operating costs.

***The critical social, political and economic conditions in Venezuela have adversely affected, and may continue to adversely affect, our results of operations.***

Among other policies in recent years, the Venezuelan government has continuously devalued the Bolívar. The resulting inflation has devastated the country, which is experiencing all manner of shortages of basic materials and other goods and difficulties in importing raw materials. In 2016, we idled our Venezuelan operations and sought to determine the recoverable value of the long lived assets there. We concluded that the costs to dispose of the facility exceeded the fair value of the assets, primarily due to political and financial instability in Venezuela. Accordingly, we wrote down the full value of our Venezuelan operations. Our Venezuelan subsidiary has been able to meet its obligations (tax, labor, power costs and others) in the past through the sales of existing stock to customers, while remaining cash neutral in its operation. However, our inability to generate cash in that market may cause us to default on some of our obligations there in the future, which may result in administrative intervention or other consequences. If the social, political and economic conditions in Venezuela continue as they are, or worsen, our business, results of operations and financial condition could be adversely affected.

***We are exposed to foreign currency exchange risk and our business and results of operations may be negatively affected by the fluctuation of different currencies.***

We transact business in numerous countries around the world and a significant portion of our business entails cross border purchasing and sales. Our sales made in a particular currency do not exactly match the amount of our purchases in such currency. We prepare our consolidated financial statements in U.S. Dollars, while the financial statements of each of our subsidiaries are prepared in the entities functional currency. Accordingly, our revenues and earnings are continuously affected by fluctuations in foreign currency exchange rates. For example, our sales made in U.S. Dollars exceed the amount of our purchases made in U.S. Dollars, such that the appreciation of certain currencies (like the Euro or the South African Rand) against the U.S. Dollar would tend to have an adverse effect on our costs. Such adverse movements in relevant exchange rates could have a material adverse effect on our business, results of operations and financial condition.

***We depend on a limited number of suppliers for certain key raw materials. The loss of one of these suppliers or the failure of one of any of them to meet contractual obligations to us could have a material adverse effect on our business.***

Colombia and the United States are among the preferred sources for the metallurgical coal consumed in the production of silicon metal and silicon-based alloys, and the vast majority of produces source coal from these two countries. In the year



ended December 31, 2017, approximately 71% of our coal was purchased from third parties. Of our third party purchases, approximately 63% came from Colombia. Additionally, the great majority of manganese ore we purchase comes from suppliers located in South Africa and Gabon, which supplied approximately 94% of the manganese ore we purchased in 2017. We do not control these third party suppliers and must rely on them to perform in accordance with the terms of their contracts. If these suppliers fail to provide us with the required raw materials in a timely manner, or at all, or if the quantity or quality of the materials they provide is lower than that contractually agreed, we may not be able to procure adequate supplies of raw materials from alternative sources on comparable terms, or at all, which could have a material adverse effect on our business, results of operations and financial condition.

***Planned investments in the expansion and improvement of existing facilities and in the construction of new facilities may not be successful.***

We are engaged in significant capital improvements to our existing facilities to upgrade and add capacity to those facilities. We also may engage in the development and construction of new facilities. Should any such efforts not be completed in a timely manner and within budget, or be unsuccessful otherwise, we may incur additional costs or impairments which could have a material adverse effect on our business, results of operations and financial condition.

***If hydrology conditions at our hydropower facilities are unfavorable or below our estimates, our electricity production, and therefore our revenue, may be substantially below our expectations.***

The revenues generated by our hydroelectric operations are determined by the amount of electricity generated, which in turn is entirely dependent upon available water flows that may vary significantly over time. Rainfall and resulting hydrology conditions naturally vary from season to season and from year to year and may also change permanently because of climate change or other factors. A material reduction in seasonal rainfall will cause affected hydropower plants to run at a reduced capacity and therefore produce less electricity, adversely impacting revenue and profitability.

Moreover, if too much rainfall occurs at any one time, water may flow too quickly and at volumes in excess of a particular hydropower plant's designated operational levels, requiring the discharge of water through sluice gates rather than the plant's turbines. Such conditions, as well as flooding, lightning strikes, earthquakes, severe storms, wildfires, and other unfavorable weather conditions (including those due to climate change), may adversely impact water flow rates of the rivers on which our hydropower plants depend and require us to bypass turbines or shut down facilities, decreasing electricity production levels and revenues.

***Any delay or failure to procure, renew or maintain necessary governmental permits, including environmental permits and concessions to operate our hydropower plants would adversely affect our results of operations.***

The operation of our hydropower plants is highly regulated, requires various governmental permits, including environmental permits and concessions, and may be subject to the imposition of conditions by government authorities. We cannot predict whether the conditions prescribed in such permits and concessions will be achievable. The denial of a permit essential to a hydropower plant or the imposition of impractical conditions would impair our ability to operate the plant. If we fail to satisfy the conditions or comply with the restrictions imposed by governmental permits or concessions, or restrictions imposed by other applicable statutory or regulatory requirements, we may face enforcement action and be subject to fines, penalties or additional costs or revocation of such permits or concessions. Any failure to procure, renew or abide by necessary permits and concessions would adversely affect the operation of our hydropower plants.

In Spain, the use and exploitation of the hydropower plants located in Aragón and Galicia are not only subject to the limitations imposed on their concession certificates, but also to the limitations imposed by environmental regulation related to water distribution and flows. Power generation and the use of water at all hydropower plants must meet the requirements set out in the Spanish National Hydrological Plan and the various provisions and acts of the Spanish Water Administration. Any further restrictions on our ability to use water at these plants would negatively impact our hydropower production and further expose us to increases in power prices in Spain.

***Equipment failures may lead to production curtailments or shutdowns and repairing any failure could require us to incur capital expenditures and other costs.***

Many of our business activities are characterized by substantial investments in complex production facilities and manufacturing equipment. Because of the complex nature of our production facilities, any interruption in manufacturing resulting from fire, explosion, industrial accidents, natural disaster, equipment failures or otherwise could cause significant losses in operational capacity and could materially and adversely affect our business, results of operations and financial condition.

Our hydropower generation assets and other equipment may not continue to perform as they have in the past or as they are expected. A major equipment failure due to wear and tear, latent defect, design error or operator error, early obsolescence, natural disaster or other force majeure event could cause significant losses in operational capacity. Repairs following such failures could require us to incur capital expenditures and other costs. Such major failures also could result in damage to the environment or damages and harm to third parties or the public, which could expose us to significant liability. Such costs and liabilities could adversely affect our business, results of operations and financial condition.

***We depend on proprietary manufacturing processes and software. These processes may not yield the cost savings that we anticipate and our proprietary technology may be challenged.***

We rely on proprietary technologies and technical capabilities in order to compete effectively and produce high quality silicon metal and silicon-based alloys, including:

- computerized technology that monitors and controls production furnaces;
- electrode technology and operational know-how;
- metallurgical processes for the production of solar-grade silicon metal;
- production software that monitors the introduction of additives to alloys, allowing the precise formulation of the chemical composition of products; and
- flowcaster equipment, which maintains certain characteristics of silicon-based alloys as they are cast.

We are subject to a risk that:

- we may not have sufficient funds to develop new technology and to implement effectively our technologies as competitors improve their processes;
- if implemented, our technologies may not work as planned; and
- our proprietary technologies may be challenged and we may not be able to protect our rights to these technologies.

Patent or other intellectual property infringement claims may be asserted against us by a competitor or others. Our intellectual property rights may not be enforceable and may not enable us to prevent others from developing and marketing competitive products or methods. An infringement action against us may require the diversion of substantial funds from our operations and may require management to expend efforts that might otherwise be devoted to operations. A successful challenge to the validity of any of our patents may subject us to a significant award of damages, and may oblige us to secure licenses of others' intellectual property, which could have a material adverse effect on our business, results of operations and financial condition.

We also rely on trade secrets, know-how and continuing technological advancement to maintain our competitive position. We may not be able to effectively protect our rights to unpatented trade secrets and know-how.

***Ferroglobe PLC is a holding company whose principal source of revenue is the income received from its subsidiaries.***

Ferroglobe PLC is dependent on the income generated by its subsidiaries in order to earn distributable profits and pay dividends to shareholders. The amounts of distributions and dividends, if any, to be paid to us by any operating subsidiary will depend on many factors, including such subsidiary's results of operations and financial condition, limits on dividends under applicable law, its constitutional documents, documents governing any indebtedness, applicability of tax treaties and other factors which may be outside our control. If our operating subsidiaries do not generate sufficient cash flow, we may be unable to earn distributable profits and/or pay dividends on our shares.

***Our business operations may be impacted by various types of claims, lawsuits, and other contingent obligations.***

We are involved in various legal and regulatory proceedings including those that arise in the ordinary course of our business. We estimate such potential claims and contingent liabilities and, where appropriate, record provisions to address these contingent liabilities. The ultimate outcome of the legal matters currently pending against our Company is uncertain, and although such claims, lawsuits and other legal matters are not expected individually to have a material adverse effect, such matters in the aggregate could have a material adverse effect on our business, results of operations and financial condition. Furthermore, we could, in the future, be subject to judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on our results of operations in any particular period. While we maintain insurance coverage in respect of certain risks and liabilities, we may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against such claims. See "Item 8.A.—Financial Information—Consolidated Statements and Other Financial Information—Legal proceedings" for additional information regarding legal proceedings to which we are party.

***We are exposed to changes in economic conditions where we operate and globally that are beyond our control.***

Our industry is affected by changing economic conditions, including changes in national, regional and local unemployment levels, changes in national, regional and local economic development plans and budgets, shifts in business investment and consumer spending patterns, credit availability, and business and consumer confidence. Disruptions in national economies and volatility in the financial markets may and often will reduce consumer confidence, negatively affecting business investment and consumer spending. The outlook for the global economy in the near to medium term is uncertain due to several factors, including geopolitical risks and concerns about global growth and stability. Concerns also remain regarding the sustainability of the European Monetary Union and its common currency, the Euro, in their current form, particularly following the vote in favor of the United Kingdom's exit from the European Union in June 2016 and the UK Prime Minister's formal delivery of a notice of withdrawal from the European Union in March 2017, and in light of elections held, or to be held, in several European countries in 2017 and 2018.

We are not able to predict the timing or duration of periods economic growth in the countries where we operate and/or sell products, nor are we able to predict the timing or duration of any economic downturn or recession that may occur in the future.

***Cybersecurity breaches and threats could disrupt our business operations and result in the loss of critical and confidential information.***

We rely on the effective functioning and availability of our information technology and communication systems and the security of such systems for the secure processing, storage and transmission of confidential information. The sophistication and magnitude of cybersecurity incidents are increasing and include, among other things, unauthorized access, computer viruses, deceptive communications and malware. Information technology security processes may not effectively detect or prevent cybersecurity breaches or threats and the measures we have taken to protect against such incidents may not be sufficient to anticipate or prevent rapidly evolving types of cyber-attacks. Breaches of the security of our information technology and communication systems could result in destruction or corruption of data, the misappropriation, corruption or loss of critical or confidential information, business disruption, reputational damage, litigation and remediation costs.

***Possible new tariffs and duties that might be imposed by certain governments, including the United States, the European Union and others, could have a material adverse effect on our results of operations.***

In March 2018, the President of the United States announced import tariffs of 25 percent on steel and 10 percent on aluminum, with exemptions for Canada and Mexico only. In April 2018, the U.S. government released a list of Chinese products (in addition to steel and aluminum) that are subject to new tariffs, including a wide array of raw materials, construction machinery, agricultural equipment, electronics, medical devices, and consumer goods. China has already announced a plan to impose tariffs on a wide range of US products in retaliation for the new US tariffs on steel and aluminum and may impose additional tariffs in response to the new US tariffs on other Chinese products. These and like actions by the United States and China could result in the imposition of new tariffs by other countries. Any resulting “trade war” could have a significant adverse effect on world trade and the world economy. To date tariffs have not affected our business to a material degree. It is too early to predict how the recently enacted tariffs on imported aluminum and steel will impact our business.

***Our suppliers, customers, agents or business partners may be subject to or affected by export controls or trade sanctions imposed by government authorities from time to time, which may restrict our ability to conduct business with them and potentially disrupt our production or our sales.***

The US, EU, UN and other authorities have variously imposed export controls and trade sanctions on certain countries, companies, individuals and products, restricting our ability to trade normally with or in them. At present, compliance with such trade regulation is not affecting our business to a material degree. However, new trade regulations may be imposed at any time that target or otherwise affect our customers, suppliers, agents or business partners or their products. In particular, trade sanctions could be imposed that restrict our ability to do business with one or more critical suppliers and/or require special licenses to do so. Such events could potentially disrupt our production or sales and have a material adverse effect on our business, results of operations and financial condition.

### **Risks Related to Our Capital Structure**

***We have recorded a significant amount of goodwill and we may not realize the full value thereof.***

We have recorded a significant amount of goodwill. Total goodwill, which represents the excess of the cost of acquisitions over our interest in the net fair value of the assets acquired and liabilities and contingent liabilities assumed, was \$205,287 thousand as of December 31, 2017, or 10% of our total assets. Goodwill is recorded on the date of acquisition and, in accordance with IFRS, is tested for impairment annually and whenever there is any indication of impairment. Impairment may result from, among other things, deterioration in our performance, a decline in expected future cash flows, adverse market conditions, adverse changes in applicable laws and regulations (including changes that restrict or otherwise affect our mining and other operating activities) and a variety of other factors. The amount of any impairment must be expensed immediately as a charge to our consolidated income statement. For example, in 2017, in connection with our annual goodwill impairment test, the Company recognized an impairment charge of \$30,618 thousand related to the partial impairment of goodwill related to our business unit in Canada, which was recorded as a result of a sustained decline in future estimated sales prices and a decrease in our estimated long-term growth rate that led the Company to revise its expected future cash flows from its Canadian operations. See “Item 5.A.—Operating and Financial Review and Prospects—Operating Results—Critical Accounting Policies—Goodwill.” Our forecasts present inevitable elements of uncertainty due to the unpredictability of future events and the characteristics of the relevant market; therefore, our ability to meet forecasts may affect future evaluations, including goodwill impairment assessments. Any future impairment of goodwill may result in material reductions of our income and equity under IFRS.

***Our leverage may make it difficult for us to service our debt and operate our business.***

We have significant outstanding indebtedness and debt service requirements. Our leverage could have important consequences, including:

- making it more difficult for us to satisfy our obligations to all creditors and holders;

- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thus reducing the availability of our cash flow to fund internal growth through working capital and capital expenditures and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or economic or industry conditions;
- placing us at a competitive disadvantage compared to our competitors that have less indebtedness in relation to cash flow;
- limiting our flexibility in planning for or reacting to changes in our business and our industry;
- restricting us from investing in growing our business, pursuing strategic acquisitions and exploiting certain business opportunities; and
- limiting, among other things, our and our subsidiaries' ability to incur additional indebtedness or raise equity capital in the future and increasing the costs of such additional financings.

Our ability to service our indebtedness will depend on our future performance and liquidity, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors. Many of these factors are beyond our control. We may not be able to generate enough cash flow from operations or obtain enough capital to service our indebtedness or fund our planned capital expenditures. If we cannot service our indebtedness and meet our other obligations and commitments, we might be required to refinance our indebtedness, obtain additional financing, delay planned capital expenditures or to dispose of assets to obtain funds for such purpose. We cannot assure you that any refinancing or asset dispositions could be effected on a timely basis or on satisfactory terms, if at all, or would be permitted by the terms of our outstanding debt instruments.

***We are subject to restrictive covenants under our financing agreements, which could impair our ability to run our business.***

Restrictive covenants under our financing agreements, including the Indenture and the New Revolving Credit Facility, may restrict our ability to operate our business. Our failure to comply with these covenants, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our business, results of operations and financial condition.

In particular, the Indenture and the New Revolving Credit Facility contain negative covenants restricting, among other things, our ability to:

- make certain advances, loans or investments;
- incur indebtedness or issue guarantees;
- create security;
- sell, lease, transfer or dispose of assets;
- merge or consolidate with other companies;
- transfer all or substantially all of our assets;
- make a substantial change to the general nature of our business;
- pay dividends and make other restricted payments;

- create or incur liens;
- agree to limitations on the ability of our subsidiaries to pay dividends or make other distributions;
- engage in sales of assets and subsidiary stock;
- enter into transactions with affiliates;
- amend organizational documents;
- enter into sale-leaseback transactions; and
- enter into agreements that contain a negative pledge.

All of these limitations are subject to significant exceptions and qualifications.

The restrictions contained in our financing agreements could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, make strategic acquisitions, investments or alliances, restructure our organization or finance our capital needs. Additionally, our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under our financing agreements.

If there were an event of default under any of our debt instruments that is not cured or waived, the holders of the defaulted debt could terminate their commitments thereunder and declare all amounts outstanding with respect to such indebtedness due and payable immediately, which, in turn, could result in cross-defaults under our other outstanding debt instruments. Any such actions could force us into bankruptcy or liquidation.

***We may not be able to generate sufficient cash to pay our accounts payable, meet our debt service obligations or meet our obligations under other financing agreements, in which case our creditors could declare all amounts owed to them due and payable, leading to liquidity constraints.***

Our ability to make interest payments and to meet our other debt service obligations, or to refinance our debt, depends on our future operating and financial performance, which, in turn, depends on our ability to successfully implement our business strategies and plans as well as general economic, financial, competitive, regulatory and other factors beyond our control. If we cannot generate sufficient cash to meet our debt service requirements, we may, among other things, need to refinance all or a portion of our debt to obtain additional financing, delay planned capital expenditures or investments or sell material assets.

If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations. If we are also unable to satisfy our obligations on other financing arrangements, we could be in default under our existing financing agreements or other relevant financing agreements that we may enter into in the future. In the event of certain defaults under existing agreements, the lenders under the respective facilities or financing instruments could take certain actions, including terminating their commitments and declaring all principal amounts outstanding under our credit facilities and other indebtedness due and payable, together with accrued and unpaid interest. Such a default, or a failure to make interest payments, could mean that borrowings under other debt instruments that contain cross-acceleration or cross-default provisions may, as a result, also be accelerated and become due and payable. If the debt under any of the material financing arrangements that we have entered into or will subsequently enter into were to be accelerated, our assets may be insufficient to repay the outstanding debt in full. Any such actions could force us into bankruptcy or liquidation, and we might not be able to repay our obligations under our financing agreements in such an event.

## Risks Related to Our Ordinary Shares

***Our share price may be volatile, and purchasers of our ordinary shares could incur substantial losses.***

Our share price has been volatile in the recent past and may be so in the future. Moreover, stock markets in general experience periods of extreme volatility that are often unrelated to the operating performance of particular companies. As a result of this volatility, you may not be able to sell our ordinary shares at or above the price at which you purchase them. The market price for our shares may be influenced by many factors, including:

- the success of competitive products or technologies;
- regulatory developments in the United States and other countries;
- developments or disputes concerning patents or other proprietary rights;
- the recruitment or departure of key personnel;
- quarterly or annual variations in our financial results or those of companies that are perceived to be similar to us;
- market conditions in the industries in which we compete and issuance of new or changed securities analysts' reports or recommendations;
- the failure of securities analysts to cover our ordinary shares or changes in financial estimates by analysts;
- the inability to meet the financial estimates of analysts who follow our ordinary shares;
- investor perception of our Company and of the industries in which we compete; and
- general economic, political and market conditions.

***If securities or industry analysts do not publish or cease publishing research reports about us, if they adversely change their recommendations regarding our ordinary shares, or if our operating results do not meet their expectations, the price of our ordinary shares could decline.***

The trading market for our ordinary shares will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. Securities and industry analysts currently publish limited research on us. If there is limited or no securities or industry analyst coverage of us, the market price and trading volume of our ordinary shares would likely be negatively impacted. Moreover, if any of the analysts who may cover us downgrade our ordinary shares or provide relatively more favorable recommendations concerning our competitors, or if our operating results or prospects do not meet their expectations, the market price of our ordinary shares could decline. If any of the analysts who may cover us were to cease coverage or fail regularly to publish reports about our Company, we could lose visibility in the financial markets, which, in turn, could cause our share price or trading volume to decline.

***As a foreign private issuer and "controlled company" within the meaning of the rules of NASDAQ, we are subject to different U.S. securities laws and NASDAQ governance standards than domestic U.S. issuers of securities. These may afford relatively less protection to holders of our ordinary shares, and you may not receive all corporate and company information and disclosures that you are accustomed to receiving or in a manner in which you are accustomed to receiving it.***

As a foreign private issuer, the rules governing the information that we disclose differ from those governing U.S. corporations pursuant to the U.S. Securities Exchange Act of 1934, as amended ("U.S. Exchange Act"). Although we intend to report periodic financial results and certain material events, we are not required to file quarterly reports on Form

10 Q or provide current reports on Form 8 K disclosing significant events within four days of their occurrence. In addition, we are exempt from the SEC's proxy rules, and proxy statements that we distribute will not be subject to review by the SEC. Our exemption from Section 16 rules requiring the reporting of beneficial ownership and sales of shares by insiders means that you will have less data in this regard than shareholders of U.S. companies that are subject to this part of the U.S. Exchange Act. As a result, in deciding whether to purchase our shares, you may not have all the data that you are accustomed to having when making investment decisions with respect to domestic U.S. public companies.

As a "controlled company" within the meaning of the corporate governance standards of NASDAQ, we may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of our Board consist of independent directors;
- the requirement that our Board have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirements that director nominees are selected, or recommended for selection by our Board, either by (1) independent directors constituting a majority of our Board's independent directors in a vote in which only independent directors participate, or (2) a nominations committee composed solely of independent directors, and that a formal written charter or board resolution, as applicable, addressing the nominations process is adopted.

We may utilize these exemptions for as long as we continue to qualify as a "controlled company." While exempt, we will not be required to have a majority of independent directors, our nominations and compensation committees will not be required to consist entirely of independent directors and such committees will not be subject to annual performance evaluations.

Furthermore, NASDAQ Rule 5615(a)(3) provides that a foreign private issuer, such as our Company, may rely on home country corporate governance practices in lieu of certain of the rules in the NASDAQ Rule 5600 Series and Rule 5250(d), provided that we nevertheless comply with NASDAQ's Notification of Noncompliance requirement (Rule 5625), the Voting Rights requirement (Rule 5640) and that we have an audit committee that satisfies Rule 5605(c)(3), consisting of committee members that meet the independence requirements of Rule 5605(c)(2)(A)(ii). Although we are permitted to follow certain corporate governance rules that conform to U.K. requirements in lieu of many of the NASDAQ corporate governance rules, we intend to comply with the NASDAQ corporate governance rules applicable to foreign private issuers. Accordingly, our shareholders will not have the same protections afforded to stockholders of U.S. companies that are subject to all of the corporate governance requirements of NASDAQ.

***We have identified material weaknesses in our internal control over financial reporting. Failure to remediate the identified material weakness or establish and maintain effective internal control over financial reporting could result in material misstatements in our financial statements or a failure to meet our reporting obligations, which could also impact the market price of our shares or our ability to remain listed on NASDAQ.***

The Sarbanes-Oxley Act requires, among other things, that we maintain effective internal controls for financial reporting and disclosure controls and procedures. We are required under Section 404(a) of the Sarbanes-Oxley Act to furnish a report by management on, among other things, the effectiveness of our internal controls over financial reporting. This assessment includes disclosure of any material weaknesses identified by our management in our internal controls over financial reporting. A material weakness is a control deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis.

In connection with the preparation of our consolidated financial statements for the year ended December 31, 2017, we and our independent auditor carried out an evaluation of the effectiveness of our internal controls over financial reporting and concluded that there were material weaknesses in relation to the principles of the COSO framework with: i) deficiencies associated with control activities for the Company and ii) deficiencies in the control environment in respect of our legacy administration office in Spain, who are responsible for internal control over financial reporting of FerroAtlántica and its



subsidiaries . This resulted in a number of deficiencies which when taken in aggregate, resulted in the conclusion that there were material weaknesses in the design and operating effectiveness of our internal controls as at December 31, 2017. These material weaknesses are described in “Item 15.B.—Controls and Procedures—Management’s annual report on internal control over financial reporting” below. However, all these significant identified misstatements were corrected in the financial statements as of December 31, 2017 and, notwithstanding these material weaknesses and management’s assessment that internal control over financial reporting was ineffective as of December 31, 2017, our management believes that the consolidated financial statements included in this annual report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

We are taking, and will continue to take, measures to remediate the causes of these material weaknesses. However, failure to remediate these material weaknesses effectively or establish and maintain effective internal control over financial reporting could result in material misstatements in our financial statements or a failure to meet our reporting obligations. This, in turn, could negatively impact our business, operating results, financial condition, the market price of our shares and our ability to remain listed on NASDAQ.

***We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.***

We could cease to be a foreign private issuer if a majority of our outstanding voting securities are directly or indirectly held of record by U.S. residents and we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. In that event, the regulatory and compliance costs we would incur as a domestic registrant may be significantly higher than we incur as a foreign private issuer, which could have a material adverse effect on our business, operating results and financial condition.

***If Grupo VM’s share ownership falls below 50%, we may no longer be considered a “controlled company” within the meaning of the rules of NASDAQ.***

In the event Grupo VM sells shares in our Company to such an extent that it thereafter owns less than 50% of the total voting rights in our shares, we would no longer be considered a “controlled company” within the meaning of the corporate governance standards of NASDAQ. Under NASDAQ rules, a company that ceases to be a controlled company must comply with the independent board committee requirements as they relate to the nominating and corporate governance and compensation committees on the following phase-in schedule: (1) one independent committee member at the time it ceases to be a controlled company, (2) a majority of independent committee members within 90 days of the date it ceases to be a controlled company, and (3) all independent committee members within one year of the date it ceases to be a controlled company. Additionally, NASDAQ rules provide a 12 month phase-in period from the date a company ceases to be a controlled company to comply with the majority independent board requirement. If, within the phase-in periods, we are not able to recruit additional directors who would qualify as independent, or otherwise fail to comply with applicable NASDAQ rules, we may be subject to delisting by NASDAQ. Furthermore, a change in our board of directors and committee membership may result in a change in corporate strategy and operation philosophies including deviation from our current growth strategy, which could have a material adverse effect on our business, results of operations and financial condition.

***As an English public limited company, certain capital structure decisions require shareholder approval, which may limit our flexibility to manage our capital structure.***

English law provides that a board of directors may only allot shares (or rights or convertible into shares) with the prior authorization of shareholders, such authorization being up to the aggregate nominal amount of shares and for a maximum period of five years, each as specified in the articles of association or relevant shareholder resolution. The Articles authorize the allotment of additional shares for a period of five years from October 26, 2017 (being the date of the adoption of the Articles), which authorization will need to be renewed upon expiration (*i.e.*, at least every five years) but may be sought more frequently for additional five-year terms (or any shorter period).

English law also generally provides shareholders with preemptive rights when new shares are issued for cash. However, it is possible for the articles of association, or for shareholders acting in a general meeting, to exclude preemptive rights. Such an exclusion of preemptive rights may be for a maximum period of up to five years from the date of adoption of the articles of association, if the exclusion is contained in the articles of association, or from the date of the shareholder resolution, if the exclusion is by shareholder resolution. In either case, this exclusion would need to be renewed by our shareholders upon its expiration (*i.e.*, at least every five years). The Articles exclude preemptive rights for a period of five years from October 26, 2017, which exclusion will need to be renewed upon expiration (*i.e.*, at least every five years) to remain effective, but may be sought more frequently for additional five-year terms (or any shorter period).

English law also generally prohibits a public company from repurchasing its own shares without the prior approval of shareholders by ordinary resolution, such being a resolution passed by a simple majority of votes cast, and other formalities. As an English company listed on NASDAQ, we may not make on-market purchases of our shares and may make off-market purchases only for the purposes of or pursuant to an employees' share scheme where our shareholders have approved our doing so by ordinary resolution (and with a maximum duration of such approval of five years) or with the prior consent of our shareholders by ordinary resolution to the proposed contract for the purchase of our shares.

***English law requires that we meet certain financial requirements before we declare dividends or repurchases.***

Under English law, we may only declare dividends, make distributions or repurchase shares out of distributable reserves of the Company or distributable profits. "Distributable profits" are a company's accumulated, realized profits, so far as not previously utilized by distribution or capitalization, less its accumulated, realized losses, so far as not previously written off in a reduction or reorganization of capital duly made, as reported to the Companies House. In addition, as a public company, we may only make a distribution if the amount of our net assets is not less than the aggregate amount of our called-up share capital and undistributable reserves and if, and to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate amount. The Articles permit declaration of dividends by ordinary resolution of the shareholders, provided that the directors have made a recommendation as to its amount. The dividend shall not exceed the amount recommended by the directors. The directors may also decide to pay interim dividends if it appears to them that the profits available for distribution justify the payment. When recommending or declaring the payment of a dividend, the directors will be required under English law to comply with their duties, including considering our future financial requirements.

***The enforcement of shareholder judgments against us or certain of our directors may be more difficult.***

Because we are a public limited company incorporated under English law, and because most of our directors and executive officers are non-residents of the United States and substantially all of the assets of such directors and executive officers are located outside of the United States, our shareholders could experience more difficulty enforcing judgments obtained against our Company or our directors in U.S. courts than would currently be the case for U.S. judgments obtained against a U.S. public company or U.S. resident directors. In addition, it may be more difficult (or impossible) to assert some types of claims against our Company or its directors in courts in England, or against certain of our directors in courts in Spain, than it would be to bring similar claims against a U.S. company and/or its directors in a U.S. court.

The United States is not currently bound by a treaty with Spain or the United Kingdom providing for reciprocal recognition and enforcement of judgments rendered in civil and commercial matters with Spain or the United Kingdom, other than arbitral awards. There is, therefore, doubt as to the enforceability of civil liabilities based upon U.S. federal securities laws in an action to enforce a U.S. judgment in Spain or the United Kingdom. In addition, the enforcement in Spain or the United Kingdom of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a court in Spain or the United Kingdom would have the requisite power or authority to grant remedies in an original action brought in Spain or the United Kingdom on the basis of U.S. federal securities laws violations.

## **Risks Related to Tax Matters**

### ***The application of Section 7874 of the Code, including under recent IRS guidance, and/or changes in law could affect our status as a foreign corporation for U.S. federal income tax purposes.***

We believe that, under current law, we should be treated as a foreign corporation for U.S. federal income tax purposes. However, the U.S. Internal Revenue Service (the “IRS”) may assert that we should be treated as a U.S. corporation for U.S. federal income tax purposes pursuant to Section 7874 of the Internal Revenue Code of 1986, as amended (the “Code”). Under Section 7874 of the Code, we would be treated as a U.S. corporation for U.S. federal income tax purposes if, after the Business Combination, (i) at least 80% of our ordinary shares (by vote or value) were considered to be held by former holders of common stock of Globe by reason of holding such common stock, as calculated for Section 7874 purposes, and (ii) our expanded affiliated group did not have substantial business activities in the United Kingdom (the “80% Test”). (The percentage (by vote and value) of our ordinary shares considered to be held by former holders of common stock of Globe immediately after the Business Combination by reason of their holding common stock of Globe is referred to in this disclosure as the “Section 7874 Percentage.”)

Determining the Section 7874 Percentage is complex and, with respect to the Business Combination, subject to legal uncertainties. In that regard, the IRS and U.S. Department of the Treasury (“U.S. Treasury”) recently issued new rules (the “Temporary Regulations”), which include a rule that applies to certain transactions in which the Section 7874 Percentage is at least 60% and the parent company is organized in a jurisdiction different from that of the foreign target corporation (the “Third Country Rule”). This rule applies to transactions occurring on or after November 19, 2015, which date is prior to the closing of the Business Combination. If the Third Country Rule were to apply to the Business Combination, the 80% Test would be deemed met and we would be treated as a U.S. corporation for U.S. federal income tax purposes. While we believe the Section 7874 Percentage is less than 60% such that the Third Country Rule does not apply to us, we cannot assure you that the IRS will agree with this position and/or would not successfully challenge our status as a foreign corporation. If the IRS successfully challenged our status as a foreign corporation, significant adverse tax consequences would result for us and could apply to our shareholders.

In addition to the final rules to be promulgated with respect to the Temporary Regulations, changes to Section 7874 of the Code, the U.S. Treasury Regulations promulgated thereunder, or to other relevant tax laws (including under applicable tax treaties) could adversely affect our status or treatment as a foreign corporation, and the tax consequences to our affiliates, for U.S. federal income tax purposes, and any such changes could have prospective or retroactive application. Recent legislative proposals have aimed to expand the scope of U.S. corporate tax residence, including by potentially causing us to be treated as a U.S. corporation if the management and control of us and our affiliates were determined to be located primarily in the United States, or by reducing the Section 7874 Percentage at or above which we would be treated as a U.S. corporation such that it would be lower than the threshold imposed under the 80% Test.

### ***Recent IRS guidance and/or changes in law could affect our ability to engage in certain acquisition strategies and certain internal restructurings.***

Even if we are treated as a foreign corporation for U.S. federal income tax purposes, the Temporary Regulations materially changed the manner in which the Section 7874 Percentage will be calculated in certain future acquisitions of U.S. businesses in exchange for our equity, which may affect the tax efficiencies that otherwise might be achieved in transactions with third parties. For example, the Temporary Regulations would impact certain acquisitions of U.S. companies for our Ordinary Shares (or other stock) in the 36 month period beginning December 23, 2015, by excluding from the Section 7874 Percentage the portion of Ordinary Shares that are allocable to former holders of common stock of Globe. This new rule would generally have the effect of increasing the otherwise applicable Section 7874 Percentage with respect to our future acquisition of a U.S. business. The Temporary Regulations also may more generally limit the ability to restructure the non-U.S. members of our Company to achieve tax efficiencies.

***Recent IRS proposed regulations and/or changes in laws or treaties could affect the expected financial synergies of the Business Combination.***

The IRS and the U.S. Treasury also recently issued rules that provide that certain intercompany debt instruments issued on or after April 5, 2016, will be treated as equity for U.S. federal income tax purposes, therefore limiting U.S. tax benefits and resulting in possible U.S. withholding taxes. As a result of these rules, we may not be able to realize a portion of the financial synergies that were anticipated in connection with the Business Combination, and such rules may materially affect our future effective tax rate. While these new rules are not retroactive, they could impact our ability to engage in future restructurings if such transactions cause an existing debt instrument to be treated as reissued. Furthermore, under certain circumstances, recent treaty proposals by the U.S. Treasury, if ultimately adopted by the United States and relevant foreign jurisdictions, could reduce the potential tax benefits for us and our affiliates by imposing U.S. withholding taxes on certain payments from our U.S. affiliates to related and unrelated foreign persons.

***We are subject to tax laws of numerous jurisdictions and our interpretation of those laws is subject to challenge by the relevant governmental authorities.***

We and our subsidiaries are subject to tax laws and regulations in the United Kingdom, the United States, France, Spain and the other jurisdictions in which we operate. These laws and regulations are inherently complex and we and our subsidiaries are (and have been) obligated to make judgments and interpretations about the application of these laws and regulations to us and our subsidiaries and their operations and businesses. The interpretation and application of these laws and regulations could be challenged by the relevant governmental authority, which could result in administrative or judicial procedures, actions or sanctions, which could be material.

***We intend to operate so as to be treated exclusively as a resident of the United Kingdom for tax purposes, but the relevant tax authorities may treat us as also being a resident of another jurisdiction for tax purposes.***

We are a company incorporated in the United Kingdom. Current U.K. tax law provides that we will be regarded as being a U.K. resident for tax purposes from incorporation and shall remain so unless (i) we were concurrently resident of another jurisdiction (applying the tax residence rules of that jurisdiction) that has a double tax treaty with the United Kingdom and (ii) there is a tiebreaker provision in that tax treaty which allocates exclusive residence to that other jurisdiction.

Based upon our anticipated management and organizational structure, we believe that we should be regarded solely as resident in the United Kingdom from our incorporation for tax purposes. However, because this analysis is highly factual and may depend on future changes in our management and organizational structure, there can be no assurance regarding the final determination of our tax residence. Should we be treated as resident in a country or jurisdiction other than the United Kingdom, we could be subject to taxation in that country or jurisdiction on our worldwide income and may be required to comply with a number of material and formal tax obligations, including withholding tax and reporting obligations provided under the relevant tax law, which could result in additional costs and expenses.

***We may not qualify for benefits under the tax treaties entered into between the United Kingdom and other countries.***

We intend to operate in a manner such that, when relevant, we are eligible for benefits under the tax treaties entered into between the United Kingdom and other countries. However, our ability to qualify and continue to qualify for such benefits will depend upon the requirements contained within each treaty and the applicable domestic laws, as the case may be, on the facts and circumstances surrounding our operations and management, and on the relevant interpretation of the tax authorities and courts.

Our or our subsidiaries' failure to qualify for benefits under the tax treaties entered into between the United Kingdom and other countries could result in adverse tax consequences to us and our subsidiaries and could result in certain tax consequences of owning or disposing of our ordinary shares differing from those discussed below.

***Future changes to domestic or international tax laws or to the interpretation of these laws by the governmental authorities could adversely affect us and our subsidiaries.***

The U.S. Congress, the U.K. Government, the Organization for Economic Co-operation and Development and other government agencies in jurisdictions where we and our affiliates do business have had an extended focus on issues related to the taxation of multinational corporations. One example is in the area of “base erosion and profit shifting” (or “BEPS”), in which payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. Thus, the tax laws in the United States, the United Kingdom or other countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such changes could adversely affect us. Furthermore, the interpretation and application of domestic or international tax laws made by us and our subsidiaries could differ from that of the relevant governmental authority, which could result in administrative or judicial procedures, actions or sanctions, which could be material. Related developments include signing of the OECD’s so-called “Multi Lateral Instrument” by more than 70 countries impacting over 1,100 double tax treaties and the adoption of the Anti Tax Avoidance Directives (known as “ATAD 1 & 2”) by the European Union.

Further developments are to be seen in areas such as the “making tax digital - initiatives” allowing authorities to monitor multinationals’ tax position on a more real time basis and the contemplated introduction of new taxes, such as revenue based taxes aimed at technology companies, but which may impact traditional businesses as well.

***We may become subject to income or other taxes in jurisdictions which would adversely affect our financial results.***

We and our subsidiaries are subject to the income tax laws of the United Kingdom, the United States, France, Spain and the other jurisdictions in which we operate. Our effective tax rate in any period is impacted by the source and the amount of earnings among our different tax jurisdictions. A change in the division of our earnings among our tax jurisdictions could have a material impact on our effective tax rate and our financial results. In addition, we or our subsidiaries may be subject to additional income or other taxes in these and other jurisdictions by reason of the management and control of our subsidiaries, our activities and operations, where our production facilities are located or changes in tax laws, regulations or accounting principles. Although we have adopted guidelines and operating procedures to ensure our subsidiaries are appropriately managed and controlled, we may be subject to such taxes in the future and such taxes may be substantial. The imposition of such taxes could have a material adverse effect on our financial results.

***We may incur current tax liabilities in our primary operating jurisdictions in the future.***

We expect to make current tax payments in some of the jurisdictions where we do business in the normal course of our operations. Our ability to defer the payment of some level of income taxes to future periods is dependent upon the continued benefit of accelerated tax depreciation on our plant and equipment in some jurisdictions, the continued deductibility of external and intercompany financing arrangements and the application of tax losses prior to their expiration in certain tax jurisdictions, among other factors. The level of current tax payments we make in any of our primary operating jurisdictions could adversely affect our cash flows and have a material adverse effect on our financial results.

***Changes in tax laws may result in additional taxes for us.***

We cannot assure you that tax laws in the jurisdictions in which we reside or in which we conduct activities or operations will not be changed in the future. Such changes in tax law could result in additional taxes for us.

***U.S. federal income tax reform could adversely affect us.***

Legislation commonly known as the Tax Cuts and Jobs Act (the “TCJA”) was enacted on December 22, 2017 in the United States. The TCJA made significant changes to the U.S. federal tax code, including a reduction in the U.S. federal corporate statutory tax rate from 35% to 21%. The TCJA also made changes to the U.S. federal taxation of foreign earnings and to the timing of recognition of certain revenue and expenses and the deductibility of certain business expenses. We continue to examine the impact the TCJA may have on our business. Our net deferred tax assets and liabilities have been revalued at the newly enacted U.S. corporate rate, and the impact has been recognized in our tax expense in the year of enactment.

The Company has not completed its accounting for the tax effects of enactment of the Tax Reform Act. However, as described below, the Company was able to make a reasonable estimate of the impact of the most relevant changes that affect the Company. The material impact of the TCJA on the Company's 2017 position was a deferred tax credit of \$31.2 million representing the re-measurement of the Company's U.S. net deferred tax liability as a consequence of the reduction of the U.S. federal corporate statutory tax rate from 35% to 21% with effect from January 1, 2018. In addition, a one-off tax charge of \$1.7 million has been included, representing the Company's best estimate of its liability for the one-time transition tax imposed by the TCJA on certain of its historic non-U.S. earnings. During 2018, the Company plans to complete its analysis in the aforementioned areas. Accordingly, the ultimate impact of adopting the TCJA may differ due to, among other things, changes in estimates resulting from the receipt or calculation of final data, changes in interpretations of the TCJA, and additional regulatory guidance that may be issued. The accounting for the impact of the TCJA is expected to be completed during the period ending October 15, 2018, when the Company's 2017 U.S. federal corporate income tax return is expected to be filed. This annual report does not discuss in detail the TCJA or the manner in which it might affect us or our stockholders. We urge you to consult with your own legal and tax advisors with respect to the Tax Reform Act and the potential tax consequences of investing in our shares.

***Our transfer pricing policies are open to challenge from taxation authorities internationally.***

Tax authorities have been increasingly focused on transfer pricing in recent years. Due to our international operations and an increasing number of inter-company cross-border transactions, we are open to challenge from tax authorities with regard to the pricing of such transactions. A successful challenge by tax authorities may lead to a reallocation of taxable income to a different tax jurisdiction and may potentially lead to a higher tax bill overall for us.

**ITEM 4. INFORMATION ON THE COMPANY**

**A. History and Development of the Company**

**Ferroglobe PLC**

Ferroglobe PLC, initially named VeloNewco Limited, was incorporated under the U.K. Companies Act 2006 as a private limited liability company in the United Kingdom on February 5, 2015, as a wholly-owned subsidiary of Grupo VM. On 16 October 2015 VeloNewco Limited re-registered as a public limited company. As a result of the Business Combination, which was completed on December 23, 2015, FerroAtlántica and Globe merged through corporate transactions to create Ferroglobe PLC, one of the largest producers worldwide of silicon metal and silicon- and manganese-based alloys. To effect the Business Combination, Ferroglobe acquired from Grupo VM all of the issued and outstanding ordinary shares, par value €1,000 per share, of Grupo FerroAtlántica in exchange for 98,078,161 newly issued Class A Ordinary Shares, nominal value \$7.50 per share, of Ferroglobe, after which FerroAtlántica became a wholly-owned subsidiary of Ferroglobe. Immediately thereafter, Gordon Merger Sub, Inc., a wholly-owned subsidiary of Ferroglobe, merged with and into Globe Specialty Metals, Inc., and each outstanding share of common stock, par value \$0.0001 per share, was converted into the right to receive one newly-issued ordinary share, nominal value \$7.50 per share, of Ferroglobe. After these steps, Ferroglobe issued, in total, 171,838,153 shares, out of which 98,078,161 shares were issued to Grupo VM and 73,759,992 were issued to the former Globe shareholders. Our ordinary shares are currently traded on the NASDAQ under the symbol "GSM."

On June 22, 2016, we completed a reduction of our share capital, as a result of which the nominal value of each share was reduced from \$7.50 to \$0.01, with the amount of the capital reduction being credited to distributable reserves.

On November 18, 2016, our Class A Ordinary Shares were converted into ordinary shares of Ferroglobe as a result of the distribution of beneficial interest units in the Ferroglobe R&W Trust to certain Ferroglobe shareholders. Because the proceeds of the R&W Policy will not be sufficient to fully compensate for losses attributable to breaches of representations and warranties made by Grupo VM and FerroAtlántica in the Business Combination Agreement, and the proceeds under

the R&W Policy are required to be distributed to the holders of the Trust Units, we may be required to use our existing cash on hand or draw under our credit facility to fund any actual loss incurred.

Our FerroAtlántica division's history dates back to 1992, with the acquisition by Grupo VM of the ferroalloys division of Grupo Carburos Metálicos, a Spanish industrial gas and chemical products producer. Our Globe division's history dates back to 2006, with the acquisition by Globe (previously known as International Metals Enterprises, Inc.) of Globe Metallurgical Inc., the owner and operator of a plant in Selma, Alabama with two furnaces for silicon metal production, a plant in Niagara Falls, New York, with two furnaces for silicon metal and ferroalloys production, and a plant in Beverly, Ohio with five furnaces for silicon metal, specialty alloys and ferroalloys production, all located in the United States.

Significant milestones in our history are as follows:

- **1996:** acquisition of the Spanish company Hidro Nitro Española, S.A. ("Hidro Nitro Española"), operating in the ferroalloys and hydroelectric power businesses, and start of the quartz mining operations through the acquisition of Cuarzos Industriales S.A. from Portuguese cement manufacturer Cimpor;
- **1998:** expansion of our manganese- and silicon-based alloy operations through the acquisition of 80% of the share capital of FerroAtlántica de Venezuela (currently FerroVen, S.A.) from the Government of Venezuela in a public auction;
- **2000:** acquisition of 67% of the share capital of quartz mining company Rocas, Arcillas y Minerales, S.A. from Elkem, a Norwegian silicon metal and manganese- and silicon-based alloy producer;
- **2005:** acquisition of Pechiney Electrometallurgie, S.A., now renamed FerroPem, S.A.S., a silicon metal and silicon-based alloys producer with operations in France, along with its affiliate Silicon Smelters (Pty) Ltd. in South Africa;
- **2005:** acquisition of the metallurgical manufacturing plant in Alloy, West Virginia, and Alabama Sand and Gravel, Inc. in Billingsly, Alabama, both in the U.S.;
- **2006:** acquisition of Globe Metallurgical Inc., the largest merchant manufacturer of silicon metal in North America and largest specialty ferroalloy manufacturer in the United States;
- **2006:** acquisition of Stein Ferroaleaciones S.A., an Argentine producer of silicon-based specialty alloys, and its Polish affiliate, Ultracore Polska;
- **2007:** creation of Grupo FerroAtlántica, S.A.U., the holding company of our FerroAtlántica Group;
- **2007:** acquisition of Camargo Correa Metais S.A., a major Brazilian silicon metal manufacturer;
- **2008:** acquisition of Rand Carbide PLC, a ferrosilicon plant in South Africa, from South African mining and steel company Evraz Highveld Steel and Vanadium Limited, and creation of Silicio FerroSolar, S.L., which conducts research and development activities in the solar grade silicon sector;
- **2008:** acquisition of 81% of Solsil, Inc., a producer of high-purity silicon for use in photovoltaic solar cells
- **2008:** acquisition of a majority stake in Ningxia Yonvey Coal Industry Co., Ltd., a producer of carbon electrodes (the remaining stake subsequently purchased in 2012);
- **2009:** creation of French company Photosil Industries, S.A.S., which conducts research and development activities in the solar grade silicon sector;

- **2009:** sale of interest in Camargo Correa Metais S.A. in Brazil to Dow Corning Corporation and formation of a joint venture with Dow Corning at the Alloy, West Virginia facility;
- **2010:** acquisition of Core Metals Group LLC, one of North America’s largest and most efficient producers and marketers of high-purity ferrosilicon and other specialty metals;
- **2010:** acquisition of Chinese silicon metal producer MangShi Sinice Silicon Industry Company Limited;
- **2011:** acquisition of Alden Resources LLC, North America’s leading miner, processor and supplier of specialty metallurgical coal to the silicon and silicon-based alloy industries;
- **2012:** acquisition of SamQuarz (Pty) Ltd, a South African producer of silica, with quartz mining operations;
- **2012:** acquisition of a majority stake (51%) in Bécancour Silicon, Inc., a silicon metal producer in Canada, operated as a joint venture with Dow Corning as the holder of the minority stake of 49%;
- **2014:** acquisition of Silicon Technology (Pty) Ltd. (“Siltech”), a ferrosilicon producer in South Africa; and
- **2018:** acquisition from a subsidiary of Glencore PLC of a 100% interest in manganese alloys plants in Mo i Rana, Norway and Dunkirk, France, through newly-formed subsidiaries Ferroglobe Mangan Norge AS and Ferroglobe Manganèse France, SAS.

### ***Corporate and Other Information***

Our operating headquarters and registered office are located at 2nd Floor West Wing, Lansdowne House, 57 Berkeley Square, London W1J 6ER, United Kingdom and 5 Fleet Place, London EC4M 7RD, United Kingdom, respectively. Our telephone number is +44 (0)203 129 2420.

### **B. Business Overview**

We are a global leader in the growing silicon and specialty metals industry with an expansive geographical reach, established through Globe’s predominantly North American-centered footprint and FerroAtlántica’s predominantly European-centered footprint.

Ferroglobe is one of the world’s largest producers of silicon metal, silicon-based alloys and manganese-based alloys. Additionally, Ferroglobe currently has quartz mining activities in Spain, the United States, Canada, South Africa and Mauritania, low-ash metallurgical quality coal mining activities in the United States, and interests in hydroelectric power in Spain and France. Ferroglobe controls a meaningful portion of most of its raw materials and captures, recycles and sells most of the by-products generated in its production processes.

We sell our products to a diverse base of customers worldwide. These products include aluminum, silicone compounds used in the chemical industry, ductile iron, automotive parts, photovoltaic (solar) cells, electronic semiconductors and steel and are key elements in the manufacture of a wide range of industrial and consumer products.

We are able to supply our customers with the broadest range of specialty metals and alloys in the industry from our production centers in North America, Europe, South America, Africa and Asia. Our broad manufacturing platform and flexible capabilities allow us to optimize production and focus on products that enhance profitability, including the production of customized solutions and high purity metals to meet specific customer requirements. We also benefit from low operating costs, resulting from our ownership of sources of critical raw materials and the flexibility derived from our ability to alternate production at certain of our furnaces between silicon metal and silicon base alloy products.



In the following description of Ferroglobe's business, we include all of Ferroglobe's assets as of December 31, 2017 or December 31, 2016. However, data referring to activity in 2015 (for example, production levels, revenues or revenue breakdown) refers to FerroAtlántica as the Predecessor for Ferroglobe's past fiscal years.

## **Industry and Market Data**

The statements and other information contained below regarding Ferroglobe's competitive position and market share are based on the reports periodically published by a leading metals industry consultant and leading metals industry publications and information centers, as well as on the estimates of Ferroglobe's management.

## **Competitive Strengths and Strategy of Ferroglobe**

### ***Competitive Strengths***

#### *Leading market positions in silicon metal, silicon-based alloys and manganese-based alloys*

We are a leading global producer in our core products based on merchant production capacity and hold the leading market share in a majority of our products. With total global silicon metal production capacity of 416,750 metric tons (which includes 51% of our attributable joint venture capacity), we have approximately 78% of the merchant production capacity market share in North America and approximately 30% of the global market share (all of the world excluding China), according to management estimates for our industry. Our scale and global presence across five continents allows us to offer a wide range of products to serve a variety of end-markets, including those which we consider to be dynamic, such as the solar, automotive, consumer electronic products, semiconductors, construction and energy industries. As a result of our market leadership and breadth of products, we possess critical insight into market demand allowing for more efficient use of our resources and operating capacity. Our ability to supply critical sources of high quality raw materials from within our Company provides us with operational and financial stability and reduces the need for us to compete with our competitors for supply. We believe this also provides a competitive advantage, allowing us to deliver an enhanced product offering with consistent quality on a cost-efficient basis to our customers.

#### *Global production footprint and reach*

Our diversified production base consists of production facilities across North America, Europe, South America, South Africa and Asia. We have the capability to produce our core products at multiple facilities, providing a competitive advantage when reacting to changing global demand trends and customer requirements. Furthermore, this broad base ensures reliability to our customers that value timely delivery and consistent product quality. Our diverse production base also enables us to optimize our production plans and shift production to the lowest cost facilities. Most of our production facilities are located close to sources of principal raw materials, key customers or major transport hubs to facilitate delivery of raw materials and distribution of finished products. This enables us to service our customers globally, while optimizing our working capital, as well as enabling our customers to optimize their inventory levels.

#### *Diverse base of high quality customers across growing industries*

We sell our products to customers in over 30 countries, with our largest customer concentration in North America and in Europe. Our products are used in end products spanning a broad range of industries, including solar, personal care and healthcare products, automobile parts, carbon and stainless steel, water pipe, solar, semiconductor, oil and gas, infrastructure and construction. Although some of these end-markets have growth drivers similar to our own, others are less correlated and offer the benefits of diversification. This wide range of products, customers and end-markets provides significant diversity and stability to our business.

Many of our customers, we believe, are leaders in their end-markets and fields. We have built long-lasting relationships with customers based on the breadth and quality of our product offerings and our ability to produce products that meet specific customer requirements. The average length of our relationships with our top 30 customers exceeds ten years and, in some cases, such relationships go back as far as 30 years. For the year ended December 31, 2017 and December 31,

2016, Ferroglobe's ten largest customers accounted for approximately 47% and 42%, respectively, of Ferroglobe's consolidated revenue. Our customer relationships provide us with stability and visibility into our future volumes and earnings, though we are not reliant on any individual customer or end-market. Our customer relationships, together with our diversified product portfolio, provide us with opportunities to cross sell new products; for example, by offering silicon-based or manganese-based alloys to existing steelmaking customers. Our largest global customer, Dow Corning, is also a 49% minority owner in our Alloy, West Virginia and Bécancour, Québec facilities.

*Flexible and low cost structure*

We believe we have an efficient and flexible cost structure, enhanced over time by vertical integration through strategic acquisitions and by the integration of our FerroAtlántica and Globe divisions following the completion of the Business Combination in December 2015. The largest components of our cost base are raw materials and power. Our relatively low operating costs are primarily a result of our ownership of, and proximity to, sources of raw materials, our access to attractively priced power supplies and skilled labor and our efficient production processes.

We believe our vertically integrated business model and ownership of sources of raw materials provides us with a cost advantage over our competitors. Moreover, such ownership and the fact that we are not reliant on any single supplier for the remainder of our raw materials needs generally ensures stable, long term supply of raw materials for our production processes, thereby enhancing operational and financial stability. Transportation costs can be significant in our business; our proximity to sources of raw materials and customers improves logistics and represents another cost advantage. The proximity of our facilities to our customers also allows us to provide just in time delivery of finished goods and reduces the need to store excess inventory, resulting in more efficient use of working capital. Additionally, we believe we have competitive power supply contracts in place that provide us with reliable, long term access to power at reasonable rates. We capture, recycle and sell most of the by-products generated in our production processes, which further reduces our costs.

We operate with a largely variable cost of production and our diversified production base allows us to shift our production and distribution between facilities and products in response to changes in market conditions over time. Additionally, the diversity of our currency and commodity exposures provides, to a degree, a natural hedge against FX and pricing volatility. Our production costs are mostly dependent on local factors while our product prices are influenced more by global factors. Depreciation of local, functional currencies relative to the U.S. Dollar, when it occurs, reduces the costs of our operations, offering an increased competitive edge in the international market.

We believe our scale and global presence enables us to sustain our operations throughout periods of economic downturn, volatile commodity prices and demand fluctuations.

*Stable supply of critical, high quality raw materials*

In order to ensure reliable supplies of high quality raw materials for the production of our metallurgical products, we have invested in strategic acquisitions of sources that supply a meaningful portion of the inputs our manufacturing operations consume. Specifically, we own and operate specialty, low ash, metallurgical quality coal mines in the United States, high purity quartz quarries in the United States, Canada, Spain, South Africa and Mauritania, timber farms and charcoal production units in South Africa, and our Yonvey production facility for carbon electrodes in Ningxia, China. For raw materials needs our subsidiaries cannot meet, we have qualified multiple suppliers in each operating region for each raw material, helping to ensure reliable access to high quality raw materials.

*Efficient and environmentally friendly by-product usage*

We utilize or sell most of the by-products of our manufacturing process, which reduces cost and the environmental impact of our operations. We have developed markets for the by-products generated by our production processes and have transformed our manufacturing operations so that little solid waste disposal is required. By-products not recycled in the manufacturing process are generally sold to companies, which process them for use in a variety of other applications. These materials include: silica fume (also known as microsilica), used as a concrete additive, refractory material and oil

well conditioner; fines - the fine material resulting from crushing lumps; and dross, which results from the purification process during smelting.

*Pioneer in innovation with focus on technological advances and development of next generation products*

Our talented workforce has historically developed proprietary technological capabilities and next generation products in-house, which we believe give us a competitive advantage. In addition to a dedicated R&D division that coordinates all of our R&D activities, we have cooperation agreements in place with various universities and research institutes in Spain, France and other countries around the world. Our R&D achievements include:

- ELSA electrode — We have internally developed a patented technology for electrodes used in silicon metal furnaces, which we have sold to several major silicon producers globally. This technology, known as the ELSA electrode technology, improves energy efficiency in the production process of silicon metal and significantly reduces iron contamination. It enables us to run our furnaces with fewer stoppages, minimizing the consumption of power, which is one of the largest cost components in the smelting process. The ELSA electrode technology and related know how is unique and has no proven alternative worldwide. The ELSA electrode technology nearly halves the cost of the utilization of electrodes, relative to prebaked electrodes. Furthermore, ELSA is a key technology in running high capacity silicon furnaces (the size and capacity of silicon furnaces is limited by the size of its electrodes, and the ELSA technology allows us to reduce this bottleneck), improving our productivity and lowering our unit cost.
- Solar Grade Silicon — Ferroglobe’s solar grade silicon involves the production of upgraded metallurgical grade (UMG) type solar grade silicon metal with a purity above 99.9999% through a new, potentially cost effective, electrometallurgical purification process in place of the traditional chemical process for the production of solar grade polycrystalline silicon, which tends to be costly and involves high energy consumption and potential environmental hazards. The new technology, developed by Ferroglobe at its research and development facilities, aims to reduce the costs and energy consumption associated with the production of solar grade silicon. We have commenced production of such UMG solar grade silicon through this new process at a prototype factory, and we currently sell the small amounts we produce to manufacturers of solar wafers. The construction of a larger greenfield facility is currently underway and expected to produce 1,500 tons of solar grade silicon annually. In 2016, we entered into an agreement with Aurinka providing for the formation and operation of a joint venture for the purpose of producing upgraded metallurgical grade (UMG) solar silicon. See “—Research and Development (R&D)—Solar grade silicon” below.

*Experienced management team and centralized location at global center of metals and mining industry*

We have a seasoned and experienced management team with extensive knowledge of the global metals and mining industry, operational and financial expertise and a track record of developing and managing large-scale operations. Our management team is committed to responding quickly and effectively to macroeconomic and industry developments, to identifying and delivering growth opportunities and to improving our performance by way of a continuous focus on operational cost control and a disciplined, value-based approach to capital allocation. Our management team is complemented by a skilled operating team with solid technical knowledge of production processes and strong relationships with key customers. Additionally, following the Business Combination, we moved our headquarters to London, one of the global centers for the metals and specialized materials industries. We believe being London-based offers senior management easy access to our facilities, customers, suppliers and the financial markets, in turn providing us with a competitive advantage.

**Business Strategy**

*Maintain and leverage industry leading position in core businesses and pursue long-term growth*

We intend to maintain and leverage our position as a leading global producer of silicon metal and one of the leading global producers of ferroalloys based on production capacity. We believe we will achieve our goals through developing our

existing strengths and pursuing long-term growth. We plan to achieve organic growth by continually expanding and enhancing our production capabilities as well as by developing new generation products to further diversify our portfolio of products and expand our customer base. We intend to focus our production and sales efforts on high-margin products and end-markets that we consider to have the highest potential for profitability and growth, such as the solar industry. We will continue to capitalize on our global reach and the diversity of our production base to adapt to changes in market demands, shifting our production and distribution across facilities and between different products as necessary in order to remain competitive and maximize profitability. We aim to obtain further direct control of key raw materials to secure our long-term access to scarce reserves, which we believe will allow us to continue delivering enhanced products while maintaining our low-cost position. Additionally, we will continue regularly to review our customer contracts in an effort to improve their terms and to optimize the balance between selling under long-term agreements and retaining some exposure to spot markets. We intend to maintain pricing that appropriately reflects the value of our products and our level of customer service and, in light of commodity prices and demand fluctuations, may decide to move away from contracts with index-based prices in favor of contracts with fixed prices, particularly at prices which ensure a profit throughout the cycle.

*Maintain low cost position while controlling inputs*

We believe we have an efficient cost structure and, going forward, we will seek to further reduce costs and improve operational efficiency through a number of initiatives. We plan to focus on controlling the cost of our raw materials through our captive sources and long term supply contracts and on lowering our fixed costs in order to reduce the unit costs of our silicon metal and ferroalloy production. We aim to improve our internal processes and further integrate our FerroAtlántica and Globe divisions in order to realize additional operating synergies from the Business Combination, such as benefits from value chain optimization, including enhancements in raw materials procurement and materials management; adoption of best practices and technical and operational know how across our platform; reduced freight costs from improved logistics as well as savings through the standardization of monitoring and reporting procedures, technology, systems and controls. We intend to enhance our production process through R&D and targeted capital expenditure and leverage our geographic footprint to shift production to the most cost effective and appropriate facilities and regions for such products. We will continue to regularly review our power supply contracts with a view to improving their terms, such as the inclusion of interruptibility capacity, which provides us with additional profitability, and more competitive tariff structures. In addition, we will seek to maximize the value derived from the utilization and sale of by-products generated in our production processes.

*Continue to focus on innovation to develop next generation products*

We believe we differentiate ourselves from our competitors on the basis of our technical expertise and innovation, which allow us to deliver new high quality products to meet our customers' needs. We intend to keep using these capabilities in the future to retain existing customers and cultivate new business. We plan to leverage the expertise of our dedicated team of specialists to advance and to develop next generation products and technologies that fuel organic growth. In particular, we intend to continue investing in our FerroSolar Project, which involves the production of solar grade silicon metal with a purity level above 99.9999% through a new electrometallurgical process that may prove to be more cost-effective than the traditional chemical process. We also aim to further develop our specialized foundry products, such as value-added inoculants and customized nodularizers, which are used in the production of iron to improve its tensile strength, ductility and impact properties, and to refine the homogeneity of the cast iron structure.

*Maintain financial discipline to facilitate ongoing operations and support growth*

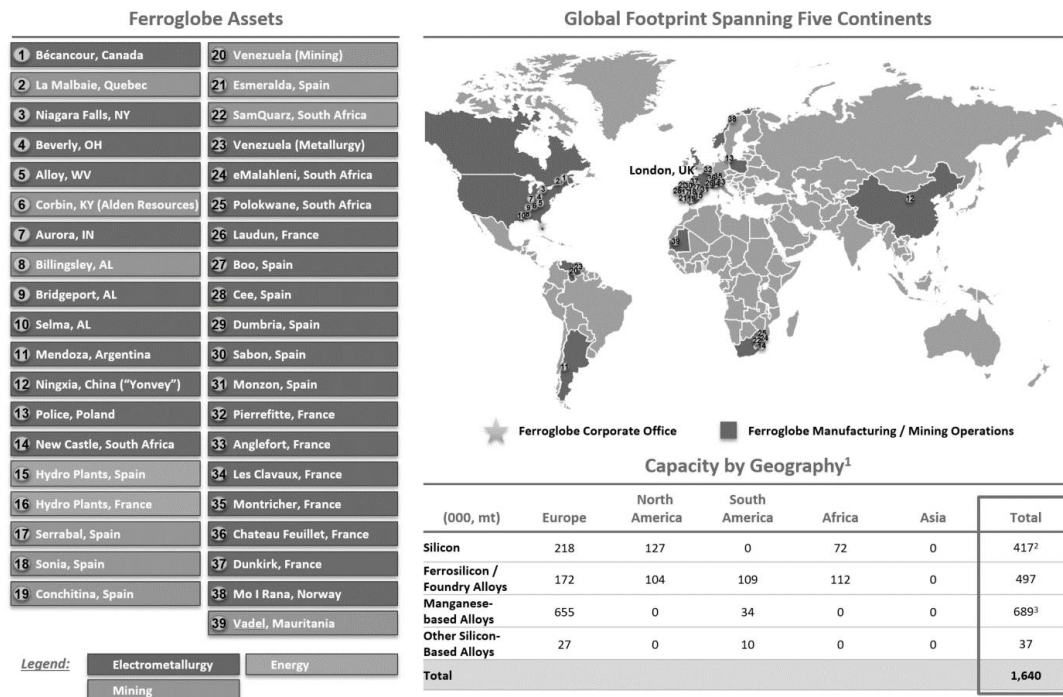
We believe maintaining financial discipline will provide us with the ability to manage the volatility in our business resulting from changes in commodity prices and demand fluctuations. We intend to preserve a strong and conservative balance sheet, with sufficient liquidity and financial flexibility to facilitate all of our ongoing operations, to support organic and strategic growth and to finance prudent capital expenditure programs aimed at placing us in a better position to generate increased revenues and cash flows by delivering a more comprehensive product mix and optimized production in response to market circumstances. We plan to become even more efficient in our working capital management through various initiatives aimed at optimizing inventory levels and accounts receivables. We will also seek to repay indebtedness from free cash flow and retain low leverage for maximum free cash flow generation.

*Pursue strategic opportunities*

We have a proven track record of disciplined acquisitions of complementary businesses and successfully integrating them into existing operations while retaining a targeted approach through appropriate asset divestitures. Our past acquisitions have increased the vertical integration of our activities, allowing us to deliver an enhanced product offering on a cost-efficient basis. We regularly consider and evaluate strategic opportunities for our business and will continue to do so in the future with the objective of expanding our capabilities and leveraging our products and operations. In particular, we intend to pursue complementary acquisitions and other investments at appropriate valuations for the purpose of increasing our capacity, increasing our access to raw materials and other inputs, further refining existing products, broadening our product portfolio and entering new markets. We will consider such strategic opportunities in a disciplined fashion while maintaining a conservative leverage position and strong balance sheet. We will also seek to evaluate our core business strategy on an ongoing basis and may divest certain non-core and lower margin businesses to improve our financial and operational results. For example, we have recently completed the acquisition from a wholly-owned subsidiary of Glencore International AG (“Glencore”) of a 100% interest in Glencore’s manganese alloys plants in Mo I Rana (Norway) and Dunkirk (France). The acquisition of these plants has doubled our global manganese alloy production capacity, allowing us to become one of the world’s largest producers of manganese alloys by production capacity. Simultaneously with the acquisition, we entered into an exclusive agency arrangement with Glencore for the marketing of our manganese alloys worldwide and the procurement of manganese ores to supply our plants, in both cases for a period of ten years.

**Facilities and Production Capacity**

The following chart shows, as of December 31, 2017, the location of our assets and our production capacity, including 51% of the capacity of our joint ventures, by geography, of silicon, silicon-based alloys (ferrosilicon/foundry alloys), manganese-based alloys and other silicon-based alloys.



<sup>1</sup> Based on company estimates.  
<sup>2</sup> Includes pro rata share (51%) of attributable joint-venture capacity  
<sup>3</sup> Includes 269,000 Mt of additional capacity from the acquisition of the Glencore plants as at February 1, 2018

Our production facilities are strategically spread worldwide across the United States, Spain, France, South Africa, Canada, Norway, Venezuela, Argentina, Poland, China and Mauritania. We operate quartz mines located in Spain, South Africa, Canada, the United States and Mauritania and timber farms and charcoal production units in South Africa. Additionally, we operate low-ash, metallurgical quality coal mines in the United States.

From time to time, in response to market conditions and to manage operating expenses, facilities are fully or partially idled. Due to current market conditions, facilities in Venezuela, South Africa and China are partially or fully idled.

Ferroglobe's total installed power capacity in Spain is 192 megawatts, with an average annual electric output of approximately 583,000 megawatt hours. In 2017, electric output was approximately 283,600 megawatt hours due to exceptionally low precipitation levels.

## Products

For the years ended December 31, 2017, 2016 and 2015, Ferroglobe's consolidated sales by product were as follows:

(\$ thousands)	Year ended December 31,		
	2017	2016	2015
Silicon metal	739,618	751,508	592,458
Manganese-based alloys	363,644	223,451	260,371
Ferrosilicon	266,862	242,788	228,830
Other silicon-based alloys	188,183	173,901	105,702
Silica fume	36,338	37,480	29,660
Byproducts and other	147,048	146,909	99,569
<b>Total Sales</b>	<b>1,741,693</b>	<b>1,576,037</b>	<b>1,316,590</b>

### *Silicon metal*

Ferroglobe is a leading global silicon metal producer based on production capacity, with a total production capacity of approximately 416,750 Metric Tons (including 51% of the joint venture capacity attributable to us) tons per annum in several facilities in the United States, France, South Africa, Canada, Spain and China. For the years ended December 31, 2017, 2016 and 2015, Ferroglobe's revenues generated by silicon metal sales accounted for 42.5%, 47.7% and 45.0%, respectively, of Ferroglobe's total consolidated revenues.

Silicon metal is used by primary and secondary aluminum producers, who require silicon metal with certain requirements to produce aluminum alloys. For the year ended December 31, 2017, sales to aluminum producers represented approximately 40% of silicon metal revenues. The addition of silicon metal reduces shrinkage and the hot cracking tendencies of cast aluminum and improves the castability, hardness, corrosion resistance, tensile strength, wear resistance and weldability of the aluminum end products. Aluminum is used to manufacture a variety of automotive components, including engine pistons, housings, and cast aluminum wheels and trim, as well as high tension electrical wire, aircraft parts, beverage containers and other products which require aluminum properties.

Silicon metal is also used by several major silicone chemical producers. For the year ended December 31, 2017 sales to chemical producers represented approximately 49% of silicon metal revenues. Silicone chemicals are used in a broad range of applications, including personal care items, construction-related products, health care products and electronics. In construction and equipment applications, silicone chemicals promote adhesion, act as a sealer and have insulating properties. In personal care and health care products, silicone chemicals add a smooth texture, protect against ultraviolet rays and provide moisturizing and cleansing properties. Silicon metal is an essential component of the manufacture of silicone chemicals, accounting for approximately 20% of the cost of production.

In addition, silicon metal is the core material needed for the production of polysilicon, which is most widely used to manufacture solar cells and semiconductors. For the year ended December 31, 2017 sales to polysilicon producers represented approximately 11% of silicon metal revenues. Producers of polysilicon employ processes to further purify the

silicon metal and grow ingots from which wafers are cut. These wafers are the base material to produce solar cells, to convert sunlight to electricity. Individual solar cells are soldered together to make solar modules.

### ***Manganese-based alloys***

With 330,500 tons of annual silicomanganese production capacity and 358,500 tons of annual ferromanganese production capacity in our factories in Spain, Norway, France and Venezuela, Ferroglobe is among the leading global manganese-based alloys producers based on production capacity. Of the 330,500 tons of annual silicomanganese production capacity and 358,500 tons of annual ferromanganese production capacity, 125,000 tons of siliconmanganese and 144,000 tons of ferromanganese were added as part of the acquisition of Glencore assets completed on February 1, 2018. During the year ended December 31, 2017, Ferroglobe sold 274,119 tons of manganese-based alloys. For the years ended December 31, 2017, 2016, and 2015, Ferroglobe's revenues generated by manganese-based alloys sales accounted for 20.9%, 14.2% and 19.8%, respectively, of Ferroglobe's total consolidated revenues.

Over 90% of the global manganese-based alloys produced are used in steel production, and all steelmakers use manganese and manganese alloys in their production processes. Manganese alloys improve the hardness, abrasion resistance, elasticity and surface condition of steel when rolled. Manganese alloys are also used for deoxidation and desulphurization in the steel manufacturing process.

### ***Ferroglobe produces two types of manganese alloys, silicomanganese and ferromanganese.***

Silicomanganese is used as deoxidizing agent in the steel manufacturing process. Silicomanganese is also produced in the form of refined silicomanganese, or silicomanganese AF, and super-refined silicomanganese, or silicomanganese LC.

Ferromanganese is used as a deoxidizing, desulphurizing and degassing agent in steel to remove nitrogen and other harmful elements that are present in steel in the initial smelting process, and to improve the mechanical properties, hardenability and resistance to abrasion of steel. The three types of ferromanganese that Ferroglobe produces are:

- high-carbon ferromanganese used to improve the hardenability of steel;
- medium-carbon ferromanganese, used to manufacture flat and other steel products; and
- low-carbon ferromanganese used in the production of stainless steel, steel with very low carbon levels, rolled steel plates and pipes for the oil industry.

### ***Ferrosilicon***

Ferroglobe is among the leading global ferrosilicon producers based on production output in recent years. During the year ended December 31, 2017, Ferroglobe sold 185,952 tons of ferrosilicon and had 446,000 tons of annual ferrosilicon production capacity. For the years ended December 31, 2017, 2016 and 2015, Ferroglobe's revenues generated by ferrosilicon sales accounted for 15.3%, 15.4% and 17.4%, respectively, of Ferroglobe's total consolidated revenues.

Ferrosilicon is an alloy of iron and silicon (normally approximately 75% silicon). Ferrosilicon products are used to produce stainless steel, carbon steel, and various other steel alloys and to manufacture electrodes and, to a lesser extent, in the production of aluminum. Approximately 88% of ferrosilicon produced is used in steel production.

Ferrosilicon is generally used to remove oxygen from the steel and as alloying element to improve the quality and strength of iron and steel products. Silicon increases steel's strength and wear resistance, elasticity and scale resistance, and lowers the electrical conductivity and magnetostriction of steel.

### ***Other silicon-based alloys***

In addition to ferrosilicon, Ferroglobe produces various different silicon-based alloys, including silico calcium and foundry products, which comprise inoculants and nodularizers. Ferroglobe produces more than 20 specialized varieties of foundry products, several of which are custom made for its customers. Demand for these specialty metals is increasing and, as such, they are becoming more important components of Ferroglobe's product offering. Ferroglobe's combined annual production capacity in connection with these other silicon-based alloys is approximately 80,000 tons (excluding ferrosilicon). During the year ended December 31, 2017, Ferroglobe sold 56,822 tons of silicon-based alloys (excluding ferrosilicon). For the years ended December 31, 2017, 2016 and 2015, Ferroglobe's revenues generated by silicon-based alloys (excluding ferrosilicon) accounted for 10.8%, 11.0% and 8.0%, respectively, of Ferroglobe's total consolidated revenues.

The primary use for silico calcium is the deoxidation and desulfurization of liquid steel. In addition, silico calcium is used to control the shape, size and distribution of oxide and sulfide inclusions, improving fluidity, ductility, and the transverse mechanical and impact properties of the final product. Silico calcium is also used in the production of coatings for cast iron pipes, in the welding process of powder metal and in pyrotechnics.

The foundry products that Ferroglobe manufactures include nodularizers and inoculants, which are used in the production of iron to improve its tensile strength, ductility and impact properties, and to refine the homogeneity of the cast iron structure.

### ***Silica fume***

For the years ended December 31, 2017, 2016 and 2015, Ferroglobe's revenues generated by silica fume sales accounted for 2.1%, 2.4% and 2.3%, respectively, of Ferroglobe's total consolidated sales.

Silica fume is a by-product of the electrometallurgical process of silicon metal and ferrosilicon. This dust-like material, collected through Ferroglobe factories' air filtration systems, is mainly used in the production of high-performance concrete and mortar. The controlled addition of silica fumes to these products results in increased durability, improving their impermeability from external agents, such as water. These types of concrete and mortar are used in large-scale projects such as bridges, viaducts, ports, skyscrapers and offshore platforms.

### ***Services***

#### ***Energy***

Ferroglobe's total installed power capacity in Spain is 192 megawatts, with an average annual electric output of approximately 583,000 megawatt hours. In 2017, the electric output was approximately 283,600 megawatt hours, due to exceptionally low precipitation levels. For the years ended December 31, 2017, 2016 and 2015, Ferroglobe recognized a loss as a result of the Spanish hydroelectric operations, in the amounts of \$1,229 thousand, \$3,065 thousand and \$196 thousand, respectively.

Hydroelectric power stations produce energy from the flow of water through channels or pipes to a turbine, causing the shaft of the turbine to rotate. An alternator or generator, which is connected to the rotating shaft of the turbine, converts the motion of the shaft into electrical energy.

In Spain, Ferroglobe sells all of the power it produces in the wholesale energy market that has been in place in Spain since 1998. Prior to 2013, Ferroglobe benefitted from a feed-in tariff support scheme, pursuant to which Ferroglobe was legally entitled to feed its electric production into the Spanish grid in exchange for a fixed applicable feed-in-tariff over a fixed period, and therefore received a higher price than the market price. However, the new regulatory regime introduced in Spain in 2013 eliminated the availability of the feed-in tariff support scheme for most of Ferroglobe's facilities. Ferroglobe has been able to partly mitigate this reduction in prices through the optimization of its power generation such that it operates in peak-price hours, as well as through participation in the "ancillary services" markets whereby Ferroglobe agrees to



generate power as needed to balance the supply and demand of energy in the markets in which it operates. See “—Regulatory Matters—Energy and electricity generation” below.

Villar Mir Energía, S.L. (“VM Energía”), a Spanish company controlled by Grupo VM, advises in the day-to-day operations of Ferroglobe’s hydroelectric facilities in the Spanish wholesale market under a strategic advisory services contract. Operating in the Spanish wholesale market requires specialized trading skills that VM Energía can provide because of the broad base of both generating facilities and customers that it manages. For more information on the contractual arrangements between Ferroglobe and VM Energía, see “Item 7.B.—Major Shareholders and Related Party Transactions—Related Party Transactions” below.

Ferroglobe also owns and operates 20 megawatts of hydroelectric power capacity in two plants in France. Given the small size of these operations and the specifics of the regulatory regime under which they operate, the results of operations and financial position with respect to these plants are included within our French operations.

### **Raw Materials, Logistics and Power Supply**

The largest components of Ferroglobe’s cost base are raw materials and power used for smelting at our facilities. In the year ended December 31, 2017, Ferroglobe’s power consumption, represented approximately 29% of Ferroglobe’s total consolidated cost of sales.

The primary raw materials Ferroglobe uses to produce its electrometallurgy products are carbon reductants (primarily coal, but also charcoal, metallurgical and petroleum coke, anthracite and wood) and minerals (manganese ore and quartz). Other raw materials used to produce Ferroglobe’s electrometallurgy products include electrodes (consisting of graphite and electrode paste), slags and limestone, as well as certain specialty additive metals. Ferroglobe procures coal, manganese ore, quartz, petroleum and metallurgical coke, electrodes and most additive metals centrally under the responsibility of its purchasing and logistics manager, whereas responsibility for the procurement of other raw materials rests with each country’s raw materials procurement manager or the individual plant managers.

#### ***Manganese ore***

The global supply of manganese ore comprises standard- to high-grade manganese ore, with 35% to 56% manganese content, and low-grade manganese ore, with lower manganese content. Manganese ore production comes mainly from eight countries: South Africa, Australia, China, Gabon, Brazil, Ukraine, India and Ghana. However, the production of high-grade manganese ore is concentrated in Australia, Gabon, South Africa and Brazil.

The vast majority of the manganese ore Ferroglobe purchased in 2017 came from suppliers located in South Africa (48.1% of total purchases) and Gabon (45.7% of total purchases). In 2017, key suppliers of manganese ore to Ferroglobe supplied 93.8% of the manganese ore Ferroglobe utilized while the remaining 6.2% was procured on the international spot market from other suppliers. In 2017, Ferroglobe has contractual arrangements with two main suppliers (located in South Africa and Gabon), expressed in U.S. Dollars, which depend primarily on spot prices.

Global manganese ore prices are mainly driven by manganese demand from India and China. Potential disruption of supply from South Africa, Australia, Brazil or Gabon due to logistical, labor or other reasons may have an impact on the availability and the pricing of manganese ore.

#### ***Coal***

Coal is the major carbon reductant in silicon and silicon alloys production. Only washed and/or screened coal with ash content below 10% and with specific physical properties may be used for production of silicon alloys. Colombia and the United States are the best source for the required type of coal and the vast majority of the silicon alloys industry, including Ferroglobe, is dependent on supply from these two countries.

Approximately 62.9% of the coal Ferroglobe purchased in 2017 for its facilities in Europe, South Africa and Venezuela was sourced from one mining supplier in Colombia while the remaining 37.1% came from other Colombian mines, as well as from Poland and South Africa. Ferroglobe has a long-standing relationship with the coal washing plants that process Colombian coal in Europe, which price coal using spot, quarterly, semi-annual or annual contracts, based on market outlook. International coal prices, which are denominated in U.S. Dollars, are mainly based on API 2, the benchmark price reference for coal imported into northwest Europe. Prices reflect also currency fluctuation, labor issues and transportation situation in Colombia and South Africa, as well as sea-freights.

Ferroglobe also owns Alden Resources LLC (“Alden”) in the United States. Alden provides a stable and long-term supply of low ash metallurgical grade coal by fulfilling a substantial portion of our requirements to our North American operations.

See “—Mining Operations” below for further information.

### **Quartz**

Quartz is required to manufacture silicon-based alloys and silicon metal.

Ferroglobe has secured access to quartz from its quartz mines in Spain, South Africa, the United States, Mauritania and Canada (see “—Mining Operations”). For the year ended December 31, 2017 approximately 69.6% of Ferroglobe’s total consumption of quartz was self-supplied. Ferroglobe purchases quartz from third-party suppliers on the basis of contractual arrangements with terms of up to four years. Ferroglobe’s quartz suppliers typically have operations in the same countries where Ferroglobe factories are located, or in close proximity, which minimizes logistical costs.

Ferroglobe controls quartzite mining operations located in Alabama, United States and a concession to mine quartzite in Saint-Urbain, Québec, Canada (operated by a third party miner). These mines supply our North American operations with a substantial portion of their requirements for quartzite.

### **Other raw materials**

Wood is needed for the production of silicon-based alloys. It is used directly in furnaces as woodchips or cut to produce charcoal, which is the major source of carbon reductant for Ferroglobe’s plants in South Africa. In South Africa, charcoal is a less expensive substitute for imported coal and provides desirable qualities to the silicon-based alloys it is used to produce.

In the other countries where Ferroglobe operates, Ferroglobe purchases wood chips locally or logs for on-site wood chipping operations from a variety of suppliers.

Petroleum coke, carbon electrodes, slag, limestone and additive metals are other relevant raw materials Ferroglobe utilizes to manufacture its electrometallurgy products. Procurement of these raw materials is either managed centrally or with each country’s raw materials procurement manager or plant manager and the materials purchased at spot prices or under contracts of a year or less.

### **Logistics**

Logistical operations are managed centrally and at the local level. Sea-freight operations are centralized at the corporate level, while rail logistics is centralized at the country level. Vehicle transport is managed at the plant level with centralized coordination in multi-site countries. Contractual commitments in respect of transportation and logistics match, to the extent possible, Ferroglobe’s contracts for raw materials and customer contracts.

## **Power**

In Spain, Ferroglobe mainly acquires energy at the spot price through daily auction processes and is, therefore, exposed to market price volatility. Ferroglobe seeks to reduce its energy costs by stopping production at its factories during times of peak power prices and operating its factories in the hours of the day with lower energy prices. Additionally, Ferroglobe receives a rebate on a portion of its energy costs in Spain and France in exchange for an agreement to interrupt production, and thus power usage, upon request by the grid operator. Ferroglobe uses derivative financial instruments to partly hedge risks related to energy price volatility in Spain.

In France, FerroPem, S.A.S. has traditionally had access to relatively low power prices, as it benefited from Electricité de France's green tariff ("Tarif Vert"), and a discount thereon. The green tariffs expired at the end of 2015 and Ferroglobe has negotiated supply contracts based on market prices with two suppliers for years 2016 to 2019, and is currently negotiating long-term supply contracts with suppliers in the market place. Recently enacted regulation enables FerroPem SAS to benefit from reduced tariffs resulting from its agreeing to limit its access to the network, interrupt production and respond to surges in demand, as well as paying compensation for indirect CO2 costs under the EU Emission Trading System (ETS) regulation. Furthermore, the new arrangements allow FerroPem, S.A.S. to operate competitively on a 12-month basis, avoiding the need to stop for two months in each year as required under the Tarif Vert.

Ferroglobe's production of energy in Spain and France through its hydroelectric power plants partially mitigates its exposure to increases in power prices in these two countries, as an increase in energy prices has a positive impact on Ferroglobe revenues from electricity generation.

In the United States, we enter into long-term electric power supply contracts. Our power supply contracts result in stable, favorably priced, long-term commitments of power at reasonable rates. In West Virginia, we have a contract with Brookfield Energy to provide approximately 45% of our power needs, from a dedicated hydroelectric facility, at a fixed rate through December 2021. The rest of our power needs in West Virginia, Ohio and Alabama are primarily sourced through special contracts that provide historically competitive rates and the remainder is sourced at market rates. At our Niagara Falls, New York plant, we have been granted a public-sector package including 18.4 megawatts of hydropower through to 2021, which was effective from June 1, 2016.

In South Africa, energy prices are regulated by the NERSA and price increases are publicly announced in advance.

The level of power consumption of our submerged electric arc furnaces is highly dependent on which products are being produced and typically fall in the following ranges: (i) manganese-based alloys require between 2.0 and 3.8 megawatt hours to produce one ton of product, (ii) silicon-based alloys require between 3.5 and 8 megawatt hours to produce one ton of product and (iii) silicon metal requires approximately 12 megawatt hours to produce one ton of product. Accordingly, consistent access to low cost, reliable sources of electricity is essential to our business.

## **Mining Operations**

### **Reserves**

Reserves are defined by SEC Industry Guide 7 as the part of a mineral deposit that could be economically and legally extracted or produced at the time of the reserve determination. Proven, or measured, reserves are reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes, and grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established. Probable, or indicated, reserves are reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance for probable reserves, although lower than that for proven reserves, is high enough to assume continuity between points of observation. Reserve estimates were made by independent third party consultants, based primarily on dimensions revealed in outcrops, trenches, detailed sampling and drilling studies performed. These estimates are reviewed and reassessed from time to time. Reserve estimates are based

on various assumptions, and any material changes in these assumptions could have a material impact on the accuracy of Ferroglobe's reserve estimates.

The following table sets forth summary information on Ferroglobe's mines which were in production as of December 31, 2017.

Mine	Location	Mineral	Annual capacity kt	Production in 2017 kt	Mining Recovery	Proven reserves Mt <sup>(1)</sup>	Probable reserves Mt <sup>(1)</sup>	Mining Method	Reserve grade	Btus per lb.	Life <sup>(2)</sup>	Expiry date <sup>(3)</sup>
Sonia	Spain (Mañón)	Quartz	150	135	0.4	2.03	0.8	Open-pit	Metallurgical	N/A	19	2069
Esmeralda	Spain (Val do Dubra)	Quartz	50	29	0.4	0.09	0.14	Open-pit	Metallurgical	N/A	10	2029
Serrabal.	Spain (Vedra & Boqueixón)	Quartz	330	246	0.2	3.60	1.9	Open-pit	Metallurgical	N/A	19	2038
SamQuarz	South Africa (Delmas)	Quartzite	1,000	988	0.7	7.03	19.5	Open-pit	Metallurgical & Glass	N/A	39	2039
Mahale	South Africa (Limpopo)	Quartz	60	12	0.5	—	2.4	Open-pit	Metallurgical	N/A	15	2035
Roodepoort	South Africa (Limpopo)	Quartz	50	12	0.5	—	0.04	Open-pit	Metallurgical	N/A	1	2028
Fort Klipdam	South Africa (Limpopo)	Quartz	100	10	0.6	—	0.2	Open-pit	Metallurgical	N/A	2	2019(4)
AS&G Meadows Pit	United States (Alabama)	Quartzite	360	56	0.4	3.60	—	Surface	Metallurgical	N/A	10	2027
AS&G Mims Pit	United States (Alabama)	Quartzite	120	90	0.4	0.25	—	Surface	Metallurgical	N/A	3	2020
			<b>2,220</b>	<b>1,578</b>		<b>16.60</b>	<b>24.98</b>					
Maple Creek	United States (Kentucky)	Coal	400	399	0.7	0.6	—	Surface	Metallurgical	14,000	2	2020
Springtown	United States (Kentucky)	Coal	200	50	0.7	0.8	—	Surface	Metallurgical	14,000	3	2020
Imperial Hollow	United States (Kentucky)	Coal	200	50	0.7	0.8	—	Surface	Metallurgical	14,000	3	2020
Log Cabin No. 5	United States (Kentucky)	Coal	60	12	0.6	0.2	—	Underground	Metallurgical	14,000	5	2023
Bain Branch No. 3	United States (Kentucky)	Coal	60	74	0.5	3.6	2.9	Underground	Metallurgical	14,000	25	2042
Harpes Creek 4A	United States (Kentucky)	Coal	100	96	0.6	1.2	1.3	Underground	Metallurgical	14,000	12	2029
			<b>820</b>	<b>631</b>		<b>6.40</b>	<b>4.20</b>					

- (1) The estimated recoverable proven and probable reserves represent the tons of product that can be used internally or sold to metallurgical or glass grade customers. The mining recovery is based on historical yields at each particular site. We estimate our permitted mining life based on the number of years we can sustain average production rates under current circumstances.
- (2) Current estimated mine life in years.
- (3) Expiry date of Ferroglobe's mining concession.
- (4) The expiry date relates to three mining permits relating to an area within Fort Klipdam, outside the area covered by the mining right. The mining right is currently subject to an administrative proceeding with the relevant mining authority. See "—South African mining rights—Fort Klipdam" below for further information on Fort Klipdam.

Ferroglobe considers its Conchitina and Conchitina Segunda mines as a single mining project legally supported by the formation of Coto Minero, formally approved by the Mining Authority in March 2018. In addition, Ferroglobe currently holds all necessary permits to start production at its Conchitina mines. Although Ferroglobe has not received formal approval from the Spanish Mining Authority over its 2018 Annual Mining Plan, we are not legally prevented from commencing mining operations in the area based on the fully-authorized 2017 Annual Mining Plan.

Reserves for the Conchitina mine are, accordingly, considered to be probable reserves, and the following table sets forth summary information on the Conchitina and Conchitina Segunda mines:

Mine	Location	Mineralization	Mining Recovery	Recoverable Reserves		Reserve Grade	Mining Method
				Proven MT <sup>(1)</sup>	Probable MT <sup>(1)</sup>		
Conchitina and Conchitina Segunda	Spain (O Vicedo)	Quartz	0.35	—	1.15	Metallurgical	Open-pit

(1) Estimates of recoverable probable reserves represent the tons of product that can be used internally or which are of metallurgical grade and can be delivered to Ferroglobe's customers.

Ferroglobe has additional mining rights in Spain (Cristina, Trasmonte and Merlán), but none of these mines are currently producing or undergoing mine development activities as the Spanish Mining Authority started cancelling mining rights for Merlán and Trasmonte in September 2015 and February 2017, respectively. The Spanish Mining Authority started the cancellation process for our mining rights for Cristina in December 2017. Ferroglobe does not consider certain Venezuelan mines to be mining assets (La Candelaria, El Manteco and El Merey) as the minerals are fully-depleted and because it will be difficult to obtain new mining rights at these locations given the current economic and political environment in Venezuela.

#### Spanish mining concessions

##### *Sonia*

The Sonia mining concession previously belonged to Cuarzos Industriales S.A.U., which acquired the mining concession in 1979. Ferroglobe acquired Cuarzos Industriales S.A.U., which is the owner of the properties currently mined at Sonia, along with the Sonia mining concession, in 1996 from the Portuguese cement manufacturer Cimpor. The surface area covered by the Sonia mining concession is 387 hectares. The concession is due to expire in 2069.

##### *Esmeralda*

The original Esmeralda mining concession was granted in 1999 to Cuarzos Industriales, S.A.U., the owner of the properties currently mined at Esmeralda, after proper mining research had been conducted and the mining potential of the area had been demonstrated to the relevant public authority. The surface area covered by the Esmeralda mining concession is 84 hectares. The concession is due to expire in 2029.

##### *Serrabal*

The Serrabal mining concession was originally granted in 1978 to Rocas, Arcillas y Minerales S.A. Ferroglobe acquired control of this company, which is the owner of the properties currently mined at Serrabal, along with the Serrabal mining concession, in 2000. Rocas, Arcillas y Minerales, S.A. has applied for the renewal of the concession. Pursuant to an interim measure approved by the applicable mining authority, Rocas Arcillas y Minerales S.A. is permitted to continue mining operations in Serrabal indefinitely until a final decision on the renewal of the concession has been made. If the renewal is granted, the concession will expire in 2038. The surface area covered by Serrabal mining concession is 861 hectares.

##### *Conchitina*

The Conchitina mining concession previously belonged to Cuarzos Industriales S.A.U., which acquired the mining concession in 1979. Ferroglobe acquired this company, along with Conchitina mining concession, in 1996 from the Portuguese cement manufacturer Cimpor. The Conchitina Segunda mining concession was granted to Cuarzos Industriales S.A.U. in 1997 for a 30-year term after proper mining research had been conducted and the mining potential of the area had been demonstrated. The Conchitina concession expired in 2009 and Cuarzos Industriales S.A.U. applied for its renewal, also requesting the competent authority to consolidate the concession with that of Conchitina Segunda. The legal support for the consolidation request was that both mining rights apply over a unique quartz deposit. Approval

was formally granted by the authority in March 2018. Cuarzos Industriales S.A.U. is the owner of the properties currently mined at Conchitina. The surface area covered by Conchitina concessions is 497 hectares.

#### *Cabanetas*

The mining right granting process and tax regulations applicable to the Cabanetas limestone quarry slightly differ from those applicable to other Ferroglobe mines in Spain because Cabanetas is classified as a quarry, rather than a mine. Ferroglobe is currently operating the Cabanetas quarry pursuant to a permit resolution, which authorized the extension of the original mining concession, issued in 2013 by the competent mining authority. The extension is for a period of 30 years and, consequently, the concession will expire in 2043. Limestone extracted from the Cabanetas quarry was intended to be used by the Hidro Nitro Española S.A. electrometallurgy plant. However, because new metallurgical techniques require low consumption of this product, most of the Cabanetas limestone is generally sold to the civil engineering and construction industries. The production level of the Cabanetas quarry has fallen considerably in recent years, mainly due to difficulties in the local construction industry.

The land on which the mining property is located is owned by Mancomunidad de Propietarios de Fincas Las Sierras and the plot containing the mining property is leased to Hidro Nitro Española S.A. pursuant to a lease agreement entered into in 1950, which was subsequently restated in 2000 and due to expire in 2020. The lease agreement may be extended until 2050. To retain the lease, Hidro Nitro Española S.A. pays the landlord an annual fee currently equal to €0.15 per ton of limestone quarried out of the mine. The quarry covers a surface area of approximately 180 hectares. The area affected by the planned exploitation during the current extension of the concession area is 6.9 hectares.

For further information regarding Spanish regulations applicable to mining concessions, as well as environmental and other regulations, see “—Laws and regulations applicable to Ferroglobe’s mining operations—Spain.”

#### ***South African mining rights***

##### *SamQuarz*

The SamQuarz mining rights were transferred from the original owners, Glass South Africa Holdings (Pty) Ltd and Samancor Limited, to SamQuarz (Pty) Ltd in 1997. Our FerroAtlántica division acquired control of SamQuarz, along with the SamQuarz mining rights, in 2012. In 2009, the Minister of Mineral Resources converted the then-existing SamQuarz mining rights into new mining rights due to expire after 30 years in 2039. At the end of 2014, SamQuarz mining rights were transferred from SamQuarz (Pty) Ltd to its sole shareholder, Thaba Chueu Mining (Pty) Ltd, one of our subsidiaries (“Thaba”). SamQuarz (Pty) Ltd is the owner of the properties currently mined in Delmas. The total surface area covered by SamQuarz mine is 118.1 hectares.

##### *Mahale*

Mahale is state-owned land, lawfully occupied by the Mahale community. Thaba currently leases the land pursuant to an agreement with the Majeje Traditional Authority and runs mining operations on the area pursuant to mining rights owned by the state and licensed to it. The latest mining right license was granted by the Department of Mineral Resources in December 2014 and registered at the mining titles deeds office in early 2016. The license is for a 20 year period and will expire in 2035. The total surface area covered by Mahale mine is 329.7 hectares. The lease agreement between Thaba and the Majeje Traditional Authority will be in force for the entire duration of the mining right or as long as it is economically viable for the lessee to mine. Under the lease agreement, a monthly rent of ZAR 1,500 is paid to the lessor, which is reviewed annually to reflect increases in the consumer price index. A general authorization has been granted to Thaba by the Water Affairs Department to allow the company to use the water at the site, provided usage does not exceed 10,000 cubic meters per month.

### *Roodepoort*

The Roodepoort mining right is held by Silicon Smelters (Pty.), Ltd., Ferroglobe’s subsidiary, and will expire in 2028. In 2009, Silicon Smelters (Pty.), Ltd. applied for a conversion of the mining right into a new mining right under the South African Mineral and Petroleum Resources Development Act (the “MPRDA”), which came into force in 2004. The new mining right has been granted and is valid for the continuation of our mining activities at the Rooderport mine until. Silicon Smelters (Pty) Ltd is currently in the process of transferring this mining right to its mining subsidiary, Thaba, in order that all licenses and permits in South Africa are held under this entity.

The total surface area covered by Roodepoort mine is 17.6 hectares. The mining area covers the cobble and block areas. The land in which Roodepoort mine is located is owned by Alpha Sand, which also conducts all mining operations as a contractor for Silicon Smelters (Pty.), Ltd. An agreement is in place whereby Alpha Sand operates the mine and Silicon Smelters (Pty.), Ltd. purchases the quartz mined from Alpha Sand based on the quartz requirements of Silicon Smelters (Pty.), Ltd. and at prices that are reviewed annually on the basis of increases in production costs and diesel fuel. The agreement with Alpha Sand will terminate at the expiry of the mining right or when it is no longer economically viable to mine quartz in the area.

### *Fort Klipdam*

The land on which Fort Klipdam is located is owned by Silicon Smelters (Pty.), Ltd. Silicon Smelters (Pty.), Ltd. filed a mining right application that was rejected on the basis of the alleged inadequacy of the mine social and labor plan. An appeal has been filed by Silicon Smelters (Pty.), Ltd. As the appeal process has been unsuccessful to date, mining operations can only be conducted in areas specified under valid permits that have been obtained on the land. Additional permits were also obtained by the mining contractor on the adjacent property and their materials are brought to Fort Klipdam for processing and stockpiling. The total surface area covered by the Fort Klipdam farm portion is 640.9 hectares. The mining permits and mining rights only relates to an area of 136.1 hectares.

For further information regarding South African regulations applicable to mining concessions, as well as environmental and other regulations, see “—Laws and regulations applicable to Ferroglobe’s mining operations—South Africa.”

### ***French mining rights***

#### *Soleyron*

FerroPem, S.A.S., a subsidiary of Ferroglobe, owns 7.5 hectares of the overall Soleyron mine area. The Saint-Hippolyte de Montaigne Municipality owns the remaining 12.9 hectares. In February 2015, FerroPem, S.A.S. entered into a lease and royalty agreement with the municipality, which is valid for five years. The effective date of the agreement and the relevant term coincide with the effective date and term of the prefectural authorization renewal, which was granted to FerroPem, S.A.S. in March 2015 and is due to expire in 2020. Pursuant to this agreement, FerroPem, S.A.S. pays to the municipality on an annual basis: (i) a fixed allowance for the lease of the land, and (ii) variable royalties on the basis of tons of quartz produced. In addition, FerroPem, S.A.S. provided financial guarantees through an insurance company for an amount of €146 thousand. Such amount has been defined in the prefectural authorization as the amount needed for the land remediation.

### ***United States and Canadian mining rights***

#### *Coal*

As of December 31, 2017, we had five active coal mines (two surface mines and three underground mines) located in Kentucky. We also had six inactive permitted coal mines available for extraction located in Kentucky and Alabama. All of our coal mines are leased and the remaining term of the leases range from 2 to 40 years. The majority of the coal production is consumed internally in the production of silicon metal and silicon-based alloys. As of December 31, 2017, we estimate our proven and probable reserves to be approximately 17,400,000 tons with an average permitted life of

approximately 35 years at present operating levels. Present operating levels are determined based on a three-year annual average production rate. Reserve estimates were made by our geologists, engineers and third parties based primarily on drilling studies performed. These estimates are reviewed and reassessed from time to time. Reserve estimates are based on various assumptions, and any material changes in these assumptions could have a material impact on the accuracy of our reserve estimates.

We currently have two coal processing facilities, one of which is inactive. The active facility processes approximately 720,000 tons of coal annually, with a capacity of 2,500,000 tons. The average coal processing recovery rate is approximately 65%.

#### *Quartzite*

We have an open-pit quartz mining operation in Billingsly, Alabama, and one in Londesboro, Alabama. Each has its own wash-plant facilities. We also have a concession to mine quartzite in Saint-Urbain, Québec (operated by a third party miner). These mines supply our North American operations with a substantial portion of their requirements for quartzite.

#### ***Mauritania mining rights***

In 2013, the Company signed an option to purchase two exploration permits for Quartz over a 2,000 square kilometer area located in northern Mauritania, approximately 250 kilometers from Nouadhibou harbor. After a successful exploration program and the granting of the right to acquire mining rights pursuant to both exploration permits at the Vadel 1 and Vadel 2 Mines respectively, Ferroglobe exercised the purchase option on June 30, 2016. The mining at the Vadel 1 and Vadel 2 Mines are held by Ferroquartz Mauritania SARL, a subsidiary of Ferroglobe, and will expire in 2031. The total surface area covered by Vadel 1 Mine is 195 square kilometers and by Vadel 2 Mine is 240 square kilometers. The construction of the mining facilities was completed during 2017 and the Company has started to test the production in Vadel 2. The Company made the first shipment from Vadel 2 at the beginning of 2018 and plan is to start production in Vadel 1 in 2020.

#### ***Laws and regulations applicable to Ferroglobe's mining operations***

##### *Spain*

In Spain, mining concessions have an average term of 30 years and are extendable for additional 30-year terms, up to a maximum of 90 years. In order to extend the concession term, the concessionaire must file an application with the competent public authority. The application, which must be filed three years prior to the expiration of the concession term, must be accompanied by a detailed report demonstrating the continuity of mineral deposits and the technical ability to extract such deposits, as well as reserve estimates, an overall mining plan for the term of the concession and a detailed description of extraction and treatment techniques. The renewal process is straightforward for a mining company that has been mining the concession regularly. The main impediments to renewal are a lack of mining activity and legal conflicts. Every year in January, in order to maintain the validity of the mining concession, an annual mining plan must be submitted to the competent public authority. This document must detail the work to be developed during the year.

Regarding the environmental requirements applicable to Ferroglobe's mining operations in Spain, each of Serrabal, Esmeralda, Conchitina and Conchitina Segunda is subject to an "environmental impact statement" (or "EIS"), issued by the relevant environmental authority and specifically tailored to the environmental features of the relevant mine. The EIS requires compliance with high environmental standards and is based on the environmental impact study performed by the mining concession applicant in connection with each mining project. It is the result of a consultation process involving several public administrations, including cultural, archaeology, landscape, urbanistic, health, agriculture, water and industrial administrations. The EIS sets forth all conditions to be fulfilled by the applicant, including in connection with the protection of air, water, soil, flora and fauna, landscape, cultural heritage, restoration and the interaction of such elements. The EIS covers mining activities, auxiliary facilities and heaps carried out in a determined perimeter of each mine and includes a program of surveillance and environmental monitoring. The relevant authority regularly verifies compliance with it.



Sonia is subject to a “restoration plan” which provides for less stringent environmental requirements than an EIS and is mainly aimed at ensuring that the new areas generated as a result of the mining activity are properly restored in an environmentally friendly manner. The restoration plan is submitted by the mining concession applicant for the approval of the relevant authority together with the mining project for the area. Information about the exploitation project, including area of operation, annual production, method and operating system, and designed top and bottom level of the pit is included in the restoration plan.

All mines, with the exception of Cabanetas, also need to obtain from the relevant public administration an authorization for the discharge of the water used at the mine. This authorization is subject to certain conditions, including analyzing the water before any such discharge is made. In addition, when presenting to the competent mining authorities its annual mining plans, Ferroglobe must include an environmental report describing all environmental actions carried out during the year. Authorities are able to oversee such actions upon their annual inspections. Because Cabanetas is classified as a quarry and not as a mine, environmental requirements are generally less stringent and an environmental report is not required. The environmental license for Cabanetas is included in the mining permit and is formalized in the annual work plan and the annual restoration plan approved by the mining authority.

The main recurring payment obligation in connection with Ferroglobe’s mines in Spain relates to a tax payable annually, calculated on the basis of the budget included in the relevant annual mining plan provided to the authority. In addition, with the exception of Cabanetas, a small surface tax is paid annually to the administration on the basis of the mine property extension. A levy also applies to water consumption at each mine property, which is paid at irregular intervals whenever the relevant public administration requires it.

### *South Africa*

In South Africa, mining rights are valid for a maximum of 30 years and may be renewed for further periods of up to 30 years per renewal. Prior to granting and renewing a mining right, the competent authority must be satisfied with the technical and financial capacity of the intended mining operator and the mining work program according to which the operator intends to mine. In addition, a species rescue, relocation and re-introduction plan must be developed and implemented by a qualified person prior to the commencement of excavation, a detailed vegetation and habitat and rehabilitation plan must be developed by a qualified person and a permit must be obtained from the South African Heritage Resource Agency prior to the commencement of excavations. The mining right holder must also compile a labor and social plan for its mining operations and comply with certain additional regulatory requirements relating to, among other things, human resource development, employment equity, housing and living conditions and health and safety of employees, and the usage of water, which must be licensed.

It is a condition of the mining right that the holder disposes of all minerals and products derived from exploitation of the mineral at competitive market prices, which means, in all cases, non-discriminatory prices or non-export parity prices. If the minerals are sold to any entity which is an affiliate or non-affiliate agent or subsidiary of the mining right holder, or is directly or indirectly controlled by the holder, such purchaser must unconditionally undertake in writing to dispose of the minerals and any products from the minerals and any products produced from the minerals, at competitive market prices. The mining right, a shareholding, an equity, an interest or participation in the right or joint venture, or a controlling interest in a company, close corporation or joint venture, may not be encumbered, ceded, transferred, mortgaged, let, sublet, assigned, alienated or otherwise disposed of without the written consent of the Minister of Mineral Resources, except in the case of a change of controlling interest in listed companies.

Environmental requirements applicable to mining operations in South Africa are mostly set out in the MPRDA. Pursuant to the MPRDA, in order to obtain reconnaissance permissions as well as actual mining rights, applicants must have in place an approved environmental management plan, pursuant to which, among other things, all boreholes, excavations and openings sunk or made during the duration of the mining right must be sealed, closed, fenced and made safe by the mining operator. Further environmental requirements apply in connection with health and safety matters, waste management and water usage. The MPRDA further requires mining right applicants to conduct an environmental impact assessment on the area of interest and submit an environmental management programme setting forth, among other things, baseline information concerning the affected environment to determine protection, remedial measures and environmental management objectives, and describing the manner in which the applicant intends to modify, remedy, control or stop any

action, activity or process which causes pollution or environmental degradation, contain or remedy the cause of pollution or degradation and migration of pollutants and comply with any prescribed waste standard or management standards or practices. In addition, applicants must provide sufficient insurance, bank guarantees, trust funds or cash to ensure the availability of sufficient funds to undertake the agreed work programmes and for the rehabilitation, management and remediation of any negative environmental impact on the interested areas. Holders of a mining right must conduct continuous monitoring of the environmental management plan, conduct performance assessments of the plan and compile and submit a performance assessment report to the competent authority, the frequency of which must be as approved in the environmental management programme, or every two years or as otherwise agreed by the authority in writing. Mine closure costs are evaluated and reported on an annual basis, but are typically only incurred at mine closure.

The mining right holder must also be in compliance with an important governmental regulation called Black Economic Empowerment (“BEE”), a program launched by the South African government to redress certain racial inequalities. In order for a mining right to be granted, a mining company must agree on certain BEE-related conditions with the Department of Mineral and Petroleum Resources. Such conditions relate to, among other things, the company’s ownership and employment equity and require the submission of a social and labor plan. Failure to comply with any of these BEE conditions may have an impact on, among other things, the ability of the mining company to retain the mining right or obtain its renewal upon expiry. In addition, companies subject to BEE must conduct, on an annual basis, a BEE rating audit on several aspects of the business, including black ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development. Poor performance on the BEE rating audit may have a negative impact on the company’s ability to do business with other companies, to the extent that a company’s low rating is likely to reduce the rating of its business partners.

Mining rights are subject to payments of royalties to the tax authority, the South African Revenue Services. Such payments are generally made by June 30 and December 31 each year and upon the approval of the concessionaire’s annual financial statements.

#### *France*

In France, mining rights are subject to a prefectural authorization. The authorization provides details of all requirements, including environmental requirements, which the mining operator and its subcontractors must comply with to operate the mine. Such requirements mainly concern archaeology, water protection, air pollution, control of noise, visual impact and safety matters. The authorization also contains the requirements relating to the remediation of the land after the end of the mining operations, including the provision of adequate financial guarantees by the mining operator. Mines are regularly inspected by the administration and local environmental commissions, comprising representatives of the relevant municipality, administration, several associations and the mining operator, which must meet at least once a year.

#### *United States*

The Coal Mine Health and Safety Act of 1969 and the Federal Mine Safety and Health Act of 1977 impose stringent safety and health standards on all aspects of mining operations. Also, the state of Kentucky, in which we operate underground and surface coal mines, has state mine safety and health regulations. The Mine Safety and Health Administration (the “MSHA”) inspects mine sites and enforces safety regulations and the Company must comply with ongoing regulatory reporting to the MSHA. Numerous governmental permits, licenses or approvals are required for mining operations. In order to obtain mining permits and approvals from state regulatory authorities, we must submit a reclamation plan for restoring, upon the completion of mining operations, the mined property to its prior or better condition, productive use or other permitted condition. We are also required to establish performance bonds, consistent with state requirements, to secure our financial obligations for reclamation, including removal of mining structures and ponds, backfilling and regrading and revegetation.

## Customers and Markets

The following table details the breakdown of Ferroglobe's revenues by geographic end market for the years ended December 31, 2017, 2016 and 2015.

(\$ thousands)	Year ended December 31,		
	2017	2016	2015
<b>United States of America</b>	547,309	563,619	208,412
<b>Europe</b>			
<i>Spain</i>	253,991	201,403	221,558
<i>Germany</i>	245,152	241,046	230,996
<i>Italy</i>	94,590	90,267	120,016
<i>Rest of Europe</i>	340,877	236,746	314,078
<b>Total revenues in Europe</b>	934,610	769,462	886,648
<b>Rest of the World</b>	259,774	242,956	221,530
<b>Total</b>	<b>1,741,693</b>	<b>1,576,037</b>	<b>1,316,590</b>

### Customer base

We have a diversified customer base across our key product categories. We have built long-lasting relationships with our customers based on the breadth and quality of our product offerings and our ability to frequently offer lower-cost and more reliable supply options than our competitors who do not have production facilities located near the customers' facilities or production capabilities to meet specific customer requirements. We sell our products to customers in over 30 countries across six continents, though our largest customer concentration is in the United States and Europe. The average length of our relationships with our top 30 customers exceeds ten years and, in some cases, such relationships go back as far as 30 years.

For the year ended December 31, 2017, Ferroglobe's ten largest customers accounted for approximately 47.1% of Ferroglobe's consolidated sales. The Company had one customer, Dow Corning Corporation, that accounted for more than 10% of consolidated sales during the years ended December 31, 2017 and 2016. Sales corresponding to Dow Corning Corporation represented 12.2% and 13.7% of the Company's sales for the years ended December 31, 2017 and 2016, respectively.

For the year ended December 31, 2017, approximately 53.6% of our metallurgical segment sales were to customers in Europe, approximately 31.5% were to customers in the United States and approximately 14.9% were to the rest of the world.

### Customer contracts

Our contracting strategy seeks to lock in significant revenue while remaining flexible to benefit from any price increases. Historically, we have targeted to contract approximately 80% of our silicon metal and manganese-based ferroalloys production and approximately 75% of our silicon-based ferroalloy production in the fourth quarter for the following calendar year. Our silicon metal is typically sold under annual contracts, whereas our manganese-based ferroalloys and silicon-based ferroalloys tend to be sold under both annual and quarterly contracts. Approximately 50% of contracted production has fixed prices whereas the other 50% are indexed to benchmarks.

The remaining 20% of our silicon metal and manganese-based ferroalloys production and 25% of our silicon-based ferroalloy production are sold on a spot basis. By selling on a spot basis, we are able to take advantage of premiums for prompt delivery. We believe that our diversified contract portfolio allows us to lock in a significant amount of revenues while also allowing us to remain flexible and benefit from unexpected price and demand upticks. Given spot price and current market dynamics, we are looking to enter into contracts for 2018 with short terms in order to benefit from expected price increases.

## **Sales and Marketing Activities**

Ferroglobe generally sells the majority of its products under annual contracts for silicone producers, and between three months to one year for steel and aluminum producing customers. All contracts generally include a volume framework and price formula based on the spot market price and other elements, including production costs and premiums. Ferroglobe also makes spot sales to customers with whom it does not have a contract as well as through quarterly agreements at prices that generally reflect market spot prices. In addition, Ferroglobe sells certain high quality products at prices that are not directly correlated with the market prices for the metals or alloys from which they are composed. Some of Ferroglobe's customer contracts contain provisions relating to the purchase of minimum volumes of products.

The vast majority of Ferroglobe's products are sold directly by its own sales force located in Spain, France, the United States and Germany, as well as in all of the countries in which Ferroglobe operates. Prior to the Business Combination with Globe, almost all sales in the United States were intermediated through local exclusive agents pursuant to standardized contractual arrangements. Some sales to primary and secondary aluminum manufacturers and silicone producers were direct.

Ferroglobe maintains credit insurance for the majority of its customer receivables to mitigate collection risk.

Ferroglobe's Spanish hydroelectric operations deliver all the electricity produced to the Spanish national grid for sale in the Spanish wholesale market.

On February 1, 2018, Ferroglobe completed the acquisition from a wholly-owned subsidiary of Glencore International AG ("Glencore") of a 100% interest in Glencore's manganese alloys plants in Mo i Rana (Norway) and Dunkirk (France). Simultaneously with the acquisition, Glencore and Ferroglobe entered into an exclusive agency arrangement for the marketing of Ferroglobe's manganese alloys products worldwide, and for the procurement of manganese ores to supply Ferroglobe's plants, in both cases for a period of ten years. For Ferroglobe, the partnership facilitates access to Glencore's global clients in the steel industry, and provides a broader sales and procurement network that will enhance our own capabilities. For our customers and suppliers, it provides access to an extended volume and range of products that will add value to our commercial relationships.

## **Competition**

The most significant factor on which players in the silicon metal, manganese- and silicon-based alloys and specialty metals markets compete is price. Other factors include consistency of the chemical and physical specifications over time and reliability of supply.

The silicon metal, manganese- and silicon-based alloys and specialty metals markets are highly competitive, global markets, in which suppliers are able to reach customers across different geographies, and in which local presence is generally a minor advantage. In the silicon metal market, Ferroglobe's primary competitors include Chinese producers, which have production capacity that exceeds total global demand. Aside from Chinese producers, Ferroglobe's competitors include Elkem, a Norwegian manufacturer of silicon metal, ferrosilicon, foundry products, silica fumes, carbon products and energy, Dow Corning, an American company specializing in silicone and silicon-based technology, Rusal, a Russian company that is a leading global aluminum and silicon metal producer, Rima, a Brazilian silicon metal and ferrosilicon producer, Liasa, a Brazilian producer of silicon, Wacker, a German chemical business which manufactures silicon and Simcoa Operations, an Australian company specializing in the production of silicon.

In the manganese and silicon alloys market, Ferroglobe's competitors include Privat Group, a Ukrainian company with operations in Australia, Ghana and Ukraine, Eramet, a French mining and metallurgical group, CHEMK Industrial Group, a Russian conglomerate which is one of the largest silicon-based alloy producers in the world, South 32 (formerly BHP Billiton), a global mining company with operations in Australia and South Africa and Vale, a mining and metals group based in Brazil and Elkem.

In the silica fumes market, Ferroglobe's competitors include Elkem and Dow Corning.

Ferroglobe strives to be a highly efficient, low-cost producer, offering competitive pricing and engaging in manufacturing processes that capture most of its production by-products for reuse or resale. Additionally, through the vertical integration of its quartz mines in Spain, the United States, Canada and South Africa, its metallurgical coal mines in the United States and tree plantations in South Africa to obtain wood with which to produce charcoal, Ferroglobe has ensured access to some of the high quality raw materials that are essential in the silicon metal, manganese- and silicon-based alloy and specialty metals production process and has been able to gain a competitive advantage over some of its competitors because it has reduced the contribution of these raw materials to its cost base.

### **Research and Development (R&D)**

Ferroglobe focuses on continually developing its technology in an effort to improve its products and production processes. Our FerroAtlántica division's research and development division coordinates all the research and development activities within Ferroglobe. Ferroglobe also has cooperation agreements in place with various universities and research institutes in Spain, France and other countries around the world. For the years ended December 31, 2017, 2016 and 2015, Ferroglobe invested \$4.5 million, \$6.2 million and \$11.1 million, respectively, on research and development projects and activities. Set forth below is a description of Ferroglobe's significant ongoing research and development projects.

#### ***ELSA electrode***

Ferroglobe has internally developed a patented technology for electrodes used in silicon metal furnaces, which it has been able to sell to several major silicon producers globally. This technology, known as the ELSA electrode, improves the energy efficiency in the production process of silicon metal and eliminates contamination with iron. Ferroglobe has granted these producers the right to use the ELSA electrode against payment to Ferroglobe of royalties.

#### ***Solar grade silicon***

Ferroglobe's solar grade silicon involves the production of solar grade silicon metal with a purity above 99.9999% through a new, potentially cost-effective, electrometallurgical process. The traditional chemical process tends to be costly and involves high energy consumption and potentially environmentally hazardous processes. The new technology, entirely developed by Ferroglobe at an earlier stage at its research and development facilities aims to reduce the costs and energy consumption associated with the production of solar grade silicon.

In 2016, FerroAtlántica entered into a project with Aurinka Photovoltaic Group, S.L. ("Aurinka") for a feasibility study and basic engineering for an upgraded metallurgical grade ("UMG") solar silicon manufacturing plant. On December 20, 2016, Grupo FerroAtlántica, S.A.U. along with wholly-owned subsidiaries FerroAtlántica, S.A. and Silicio Ferrosolar, S.L.U., entered into a joint venture agreement (the "Solar JV Agreement") with Blue Power Corporation, S.L. ("Blue Power") and Aurinka providing for the formation and operation of a joint venture with the purpose of producing UMG solar silicon. Under the Solar JV Agreement, FerroAtlántica indirectly owns 75% of the operating companies formed as part of the joint venture and 51% of the company formed as part of the joint venture to hold the intellectual property rights and know how contributed by Aurinka and Ferroglobe to the joint venture. See "Item 7.B.—Major Shareholders and Related Party Transactions—Related Party Transactions".

Pursuant to the Solar JV Agreement, FerroAtlántica has committed to incur capital expenditures in connection with the joint venture of approximately €51 million over the next two years, which, together with €21 million of capital expenditures invested in prior years, constitute the first phase of the project contemplated by the Solar JV Agreement to build a factory with production capacity of 1,500 tons per year. Plans for and financing of further phases are subject to agreement and approval by the parties to the Solar JV Agreement pursuant to specified procedures. To the extent the project continues into further phases, we would expect to commit, in the future and subject to appropriate approval and authorization, to incur approximately €44million in joint venture-related capital expenditures in the first year of the second phase to reach a production capacity of approximately 3,000 tons per year. FerroAtlántica has obtained a loan, with a principal amount of approximately €45 million, from the Spanish Ministry of Industry and Energy for the purpose of building and operating the UMG solar silicon plant.

## **Proprietary Rights and Licensing**

The majority of Ferroglobe's intellectual property consists of proprietary know-how and trade secrets. Ferroglobe's intellectual property strategy is focused on developing and protecting proprietary know-how and trade secrets, which are maintained through employee and third-party confidentiality agreements and physical security measures. Although Ferroglobe has some patented technology, Ferroglobe believes that its businesses and profitability do not rely fundamentally upon patented technology and that the publication implicit in the patenting process may in certain instances be detrimental to Ferroglobe's ability to protect its proprietary information.

## **Regulatory Matters**

### ***Environmental and health and safety***

Ferroglobe operates facilities worldwide, which are subject to foreign, national, regional, provincial and local environmental, health and safety laws and regulations, including, among others, those requirements governing the discharge of materials into the environment, the generation, use, storage and disposal of hazardous substances, the extraction and use of water, land use, reclamation and remediation and the health and safety of Ferroglobe's employees. These laws and regulations require Ferroglobe to obtain from governmental authorities permits to conduct its regulated activities, which permits may be subject to modification or revocation by such authorities.

Ferroglobe may not be at all times in complete compliance with such laws, regulations and permits, although Ferroglobe is not aware of any material past or current noncompliance. Failure to comply with these laws, regulations and permits may result in the assessment of administrative, civil and criminal penalties or other sanctions by regulators, the imposition of obligations to conduct remediation or upgrade or install pollution or dust control equipment, the issuance of injunctions limiting or preventing Ferroglobe's activities, legal claims for personal injury or property damages, and other liabilities.

Under these laws, regulations and permits, Ferroglobe could also be held liable for any consequences arising out of human exposure to hazardous substances or environmental damage Ferroglobe may cause or that relates to its current or former operations or properties. Environmental, health and safety laws are likely to become more stringent in the future. Ferroglobe purchases insurance to cover these potential liabilities, but the costs of complying with current and future environmental, health and safety laws, and its liabilities arising from past or future releases of, or exposure to, hazardous substances, may exceed insured, budgeted or reserved amounts and adversely affect Ferroglobe's business, results of operations and financial condition.

There are a variety of laws and regulations in place or being considered at the international, national, regional, provincial and local levels of government that restrict or are reasonably likely to result in limitations on, or additional costs related to, emissions of carbon dioxide and other greenhouse gases. These legislative and regulatory developments may cause Ferroglobe to incur material costs to reduce the greenhouse gas emissions from its operations (through additional environmental control equipment or retiring and replacing existing equipment) or to obtain emission allowance or credits, or result in the incurrence of material taxes, fees or other governmental impositions on account of such emissions. In addition, such developments may have indirect impacts on Ferroglobe's operations, which could be material. For example, they may impose significant additional costs or limitations on electricity generators, which could result in a material increase in energy costs.

Some environmental laws assess liability on current or previous owners or operators of real property for the cost of removal or remediation of hazardous substances. In addition to cleanup, cost recovery or compensatory actions brought by foreign, national, provincial and local agencies, neighbors, employees or other third parties could make personal injury, property damage or other private claims relating to the presence or release of hazardous substances. Environmental laws often impose liability even if the owner or operator did not know of, or did not cause, the release of hazardous substances. Persons who arrange for the disposal or treatment of hazardous substances also may be responsible for the cost of removal or remediation of these substances. Such persons can be responsible for removal and remediation costs even if they never owned or operated the disposal or treatment facility. In addition, such owners or operators of real property and persons who arrange for the disposal or treatment of hazardous substances can be held responsible for damages to natural resources.

For a summary of regulatory matters applicable to Ferroglobe’s mining operations, see “—Laws and regulations applicable to Ferroglobe’s mining operations.”

### ***Energy and electricity generation***

Ferroglobe operates hydroelectric plants in Spain and France, which are subject to energy, environmental, health and safety laws and regulations, including those governing the health and safety of Ferroglobe’s employees, the generation of electricity and the use of water and river basins. These laws and regulations require Ferroglobe to obtain from governmental authorities permits to conduct its activities, which permits may be subject to modification or revocation by these authorities.

Additionally, Ferroglobe’s energy operations are subject to government regulation. In Spain, the regulatory framework applicable to electricity producers underwent significant changes in 2013. The regulatory framework previously applicable to renewable energies was abolished, and a new regulatory framework was established through the enactment of Royal Decree-Law 9/2013 of July 13, taking certain urgent measures to guarantee the financial stability of the Spanish electrical system. The development of this new framework continued with the passing of the new Electricity Industry Law 24/2013 in Spain in December 2013, and was completed with the enactment of Royal Decree 413/2014 of June 6, which regulates electricity generation activities using renewable energy sources, co-generation and waste, and Order IET/1045/2014 of June 16, approving the compensation parameters for standard facilities applicable to certain production facilities based on renewable energy sources, co-generation and waste. This regulation established a new compensation scheme based on two concepts: remuneration for investments based on installed capacity, and remuneration for operation based on the energy produced. The first one guarantees a “reasonable return” on the investments, and the second one covers the operating cost of those technologies for which operating cost exceeds market revenues. As a result, since July 2013, Ferroglobe has sold the electricity it generates in Spain at market prices rather than at guaranteed prices that provided a premium above market prices, with the exception of energy generated by the Novo Pindo plant in Galicia, which continues to receive a premium that is considerably lower than the premium it received under the prior regulatory framework. It is expected that new regulations will allow Ferroglobe to continue to participate in “ancillary services” markets.

### ***Trade***

Ferroglobe benefits from antidumping and countervailing duty orders and laws that protect its products by imposing special duties on unfairly traded imports from certain countries. In the United States, antidumping duties are in effect covering silicon metal imports from China and Russia. In the European Union, antidumping duties are in place covering silicon metal imports from China and ferrosilicon imports from China and Russia. In Canada, there are antidumping and countervailing duties in effect covering silicon metal imports from China. These orders are subject to revision, revocation or rescission as a result of periodic reviews.

A sunset review of the U.S. antidumping order covering silicon metal imports from China is currently being conducted, which may result in the removal of the duties on such imports. If the duties are removed, our sales in the United States may be adversely affected.

In December 2016, Ferroglobe’s subsidiaries in Canada filed a complaint with the Canada Border Services Agency alleging that silicon metal from Brazil, Kazakhstan, Laos, Malaysia, Norway, Russia and Thailand is dumped, and that silicon metal from Brazil, Kazakhstan, Malaysia, Norway and Thailand is subsidized. In March 2017, Ferroglobe’s subsidiary Globe Specialty Metals petitioned the United States Department of Commerce and the United States International Trade Commission to provide relief from dumped and subsidized silicon metal imports from Australia, Brazil, Kazakhstan and Norway. In both cases, the agencies found that imports covered by the cases were unfairly traded, but determined that the relevant domestic industry was not injured by the unfair imports. The fact that the cases were not successful may adversely affect our sales or our relationships with customers in the United States and Canada.

## Seasonality

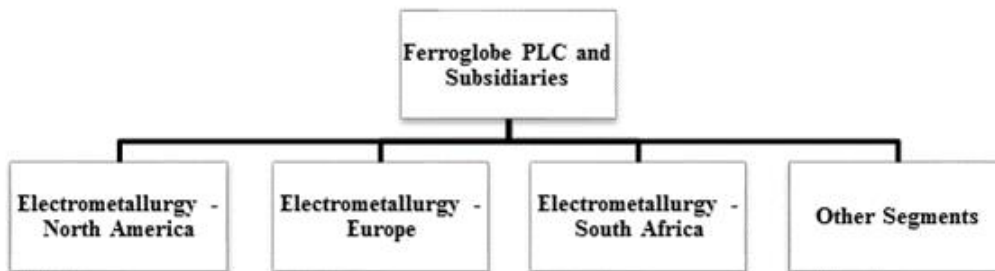
### *Electrometallurgy*

Due to the cyclical nature of energy prices and the energy-intensive nature of the production processes for silicon metal, manganese- and silicon-based alloys and specialty metals, Ferroglobe does not operate its electrometallurgy plants during certain periods or times of day when energy prices are at their peak. Demand for Ferroglobe's manganese- and silicon-based alloy and specialty metals products is lower during these periods as its customers also suspend their energy-intensive production processes involving Ferroglobe's products. As a result, sales within particular geographic regions are subject to seasonality.

### *Energy*

Ferroglobe's hydroelectric power generation is dependent on the amount of rainfall in the regions in which its hydropower projects are located, which varies considerably from season to season.

## C. Organizational structure.



For a list of subsidiaries and ownership structure see Note 2 in the Consolidated Financial Statements.

## D. Property, Plant and Equipment.

See "Item 4.B.—Information on the Company—Business Overview."

## ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

## ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

### A. Operating Results

#### Introduction

The following "management's discussion and analysis" should be read in conjunction with the Consolidated Financial Statements of Ferroglobe as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015, which are included in this annual report. This discussion includes forward-looking statements, which, although based on assumptions that Ferroglobe considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. See "Cautionary



Statements Regarding Forward-Looking Statements.” For a discussion of risks and uncertainties facing Ferroglobe, see “Item 3.D.—Key Information—Risk Factors.”

In accordance with IAS 21 — The Effects of Changes in Foreign Exchange Rates, Ferroglobe’s consolidated income statements and consolidated statement of financial position have been translated from the functional currency of each subsidiary, which is determined by the primary economic environment in which each subsidiary operates, into the reporting currency of the Company that is U.S. Dollars.

The Company’s business started with the consummation of the Business Combination on December 23, 2015. FerroAtlántica is the Company’s “Predecessor” for accounting purposes. Therefore, the results of the Company for the 2015 fiscal year were composed of the results of:

- Ferroglobe PLC for the period beginning February 5, 2015 (inception of the entity) and ended December 31, 2015;
- FerroAtlántica, the Company’s “Predecessor,” for the year ended December 31, 2015; and
- Globe for the eight-day period ended December 31, 2015.

### **Principal Factors Affecting Our Results of Operations**

#### ***Sale prices***

Ferroglobe’s operating performance is highly correlated to sales prices, which are influenced by several different factors that vary across Ferroglobe’s segments.

Silicon metal pricing slowly increased throughout 2017 due to market supply and demand dynamics as well as favorable foreign exchange movements. Our customers businesses appeared to be at strong levels in the chemical, aluminum and solar markets during 2017.

Manganese-based alloy prices have shown a significant correlation with the price of manganese ore, which allows us to pass increases in the cost of manganese ore through to our customers, but also results in a decrease in prices for our manganese-based alloys when the price of manganese ore decreases. During 2017, due to market supply and demand dynamics, we saw manganese-based alloys market pricing increase considerably during the first three quarters of 2017 which was sustained during the fourth quarter. Our customers’ businesses appeared at strong levels for steel mill production in 2017.

Our Ferrosilicon business pricing likewise continued to improve as we moved through 2017 and finished at high levels. This was mostly due to supply and demand dynamics in Europe for our customers whose businesses were in steel production.

Under Ferroglobe’s pricing policy, which is aimed at reducing dependence on spot market prices, prices applied to its term contracts have a diversity of formulas ranging from prices related to spot market prices to annual or quarterly fixed prices. Ferroglobe sells certain high quality products for which pricing is not directly correlated to spot market prices.

#### ***Cost of raw materials***

The key raw materials sourced by Ferroglobe are quartz, manganese ore, coal, wood and charcoal. Manganese ore is the largest component of the cost base for manganese-based alloys. In 2017, approximately 95% of Ferroglobe’s total \$137.9 million expense with respect to manganese ore fell under contractual agreements with producers of manganese ore with terms of one to three years, while the remaining manganese ore was procured from the international spot market. Coal meeting certain standards for ash content and other physical properties is used as a major carbon reductant in silicon-based alloy production. In 2017, coal represented a \$173.1 million expense for Ferroglobe. Wood is both an important element

for the production of silicon alloys and used to produce charcoal, which is used as a carbon reductant at Ferroglobe's South African subsidiary Silicon Smelters (Pty.), Ltd. Ferroglobe's wood expense amounted to \$55.3 million in 2017. The FerroAtlántica subsidiaries of Ferroglobe source approximately 56.6% of their quartz needs from FerroAtlántica's mines in Spain and South Africa, and Globe subsidiaries source approximately 69.6% of their quartz needs from Globe's mines in the United States and Canada. Total quartz consumption in 2017 represented an expense of \$105.0 million.

### **Power**

Power constitutes one of the single largest expenses for most of Ferroglobe's products other than manganese-based alloys. Ferroglobe focuses on minimizing energy prices and unit consumption throughout its operations by concentrating its silicon and manganese-based alloy production during periods when energy prices are lower. In 2017, Ferroglobe's total power consumption was 8,735 gigawatt hours with power contracts that vary across its operations. In Spain, South Africa and China (which, collectively, represents 32% of Ferroglobe's total power consumption in 2017), power prices are mostly spot or daily prices with important seasonal fluctuations, whereas in France and Venezuela, Ferroglobe has power contracts that provide for flat or near-flat rates for most of the year.

In Spain and France, FerroAtlántica receives a rebate on a portion of its energy costs in exchange for an agreement to interrupt production, and thus power usage, upon request. FerroAtlántica has power contracts to partly hedge risks related to energy price volatility in Spain.

In France, FerroPem S.A.S. has traditionally had access to relatively low power prices, as it benefited from Electricité de France's green tariff ("Tarif Vert"), and a discount thereon. The green tariffs expired at the end of 2015 and Ferroglobe has negotiated supply contracts based on market prices with two suppliers for years 2016 to 2019, and is currently negotiating long-term supply contracts with suppliers in the market place. Recently enacted regulation enables FerroPem SAS to benefit from reduced tariffs resulting from its agreeing to limit its access to the network, interrupt production and respond to surges in demand, as well as paying compensation for indirect CO2 costs under the EU Emission Trading System (ETS) regulation. The new arrangements allow FerroPem S.A.S. to operate competitively on a 12-month basis, avoiding the need to stop for two months due to the Tarif Vert. We believe that the new arrangements will provide power prices comparable to past levels and with some degree of predictability going forward.

In the United States, we enter into long-term electric power supply contracts. Our power supply contracts have in the past resulted in stable, long-term commitments of power at what we believe to be reasonable rates. In West Virginia, we have a contract with Brookfield Energy to provide approximately 45% of our power needs, from a dedicated hydroelectric facility, at a fixed rate through December 2021. The rate of our power needs in West Virginia, Ohio and Alabama are primarily sourced through special contracts that provide historically competitive rates and the remainder is sourced at market rates. At our Niagara Falls, New York plant, we have been granted a public sector package including 18.4 megawatts and hydro power through to 2021, effective June 1, 2016.

In South Africa, we have an "evergreen" supply agreement with Eskom, the parastatal electricity supplier, for both our Polokwane and eMalahleni plants. Eskom's energy prices are regulated by the National Energy Regulator (NERSA) and price increases are publicly announced in advance. A specific agreement has been approved by NERSA in 2018 for silicon production in Polokwane for three furnaces and in eMalahleni for one furnace. In order to promote silicon production in South Africa, Polokwane and eMalahleni have been offered a two year discount over the public tariffs on the electricity consumed to produce silicon.

### **Foreign currency fluctuation**

Ferroglobe has a diversified production base consisting of production facilities across the United States, Europe, South America, South Africa and Asia. Ferroglobe production costs are mostly dependent on local factors, with the exception of the cost of manganese ore and coal, which are dependent on global commodity prices. The relative strength of the functional currencies of Ferroglobe's subsidiaries influences its competitiveness in the international market, most notably in the case of Ferroglobe's Venezuelan and South African operations, which have historically exported a majority of their

production to the U.S. and the European Union. For additional information see “Item 11.—Quantitative and Qualitative Disclosures About Market Risk—Foreign Exchange Rate Risk.”

### ***Regulatory changes***

Ferroglobe’s energy operations are subject to government regulation. In Spain, the regulatory framework applicable to electricity producers underwent significant changes in 2013. The regulatory framework previously applicable to renewable energies was abolished, and the foundation for a new framework was established through the enactment of Royal Decree-Law 9/2013. The development of this new framework continued with the passing of the Electricity Industry Law in Spain in December 2013, and was completed with the enactment of Royal Decree 413/2014 and Order IET/1045/2014.

As a result, since July 2013, the subsidiary FerroAtlántica, S.A.U. has sold the electricity it generates at market prices, optimizing its generation by operating during peak price hours and participating in the “ancillary services” markets rather than at guaranteed prices that provided a premium above market prices, with the exception of energy generated by the Novo Pindo plant in Galicia, which continues to receive a premium. It is expected that new regulations will allow FerroAtlántica to continue to participate in “ancillary services” markets. New power supply arrangements that were entered into in 2016 for our French plants managed to avoid this seasonal interruption.

### **Critical Accounting Policies**

The discussion and analysis of Ferroglobe’s financial condition and results of operations is based upon its Consolidated Financial Statements, which have been prepared in accordance with IFRS. The preparation of those financial statements requires Ferroglobe to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, the disclosure of contingent assets and liabilities and related disclosure at the date of its financial statements. The estimates and related assumptions are based on available information at the date of preparation of the financial statements, on historical experience and on other relevant factors. Actual results may differ from these estimates under different assumptions and conditions. Critical accounting policies are those that reflect significant judgments of uncertainties and potentially result in materially different results under different assumptions and conditions. The principal items affected by estimates are income taxes, business combinations, inventories, goodwill, and impairment of long-lived assets. The following are Ferroglobe’s most critical accounting policies, because they generally involve a comparatively higher degree of judgment in their application. For a description of all of Ferroglobe’s principal accounting policies, see Note 4 to the Consolidated Financial Statements of Ferroglobe included elsewhere in this annual report.

### ***Business combinations***

Ferroglobe subsidiaries have completed a number of significant business acquisitions over the past several years. Our business strategy contemplates that we may pursue additional acquisitions in the future. When we acquire a business, the purchase price is allocated based on the fair value of tangible assets and identifiable intangible assets acquired and liabilities assumed. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Goodwill as of the acquisition date is measured as the residual of the excess of the consideration transferred, plus the fair value of any non-controlling interest in the acquiree at the acquisition date, over the fair value of the identifiable net assets acquired. We generally engage independent third-party appraisal firms to assist in determining the fair value of assets acquired and liabilities assumed. Such a valuation requires management to make significant estimates, especially with respect to intangible assets. These estimates are based on historical experience and information obtained from the management of the acquired companies. These estimates are inherently uncertain and may impact reported depreciation and amortization in future periods, as well as any related impairment of goodwill or other long lived assets.

See Note 5 to the accompanying audited Consolidated Financial Statements for detailed disclosures related to our acquisitions.

## **Goodwill**

Goodwill represents the excess purchase price of acquired businesses over fair values attributed to underlying net tangible assets and identifiable intangible assets. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The valuation of the Company's cash generating units requires significant judgment in evaluation of, among other things, recent indicators of market activity and estimated future cash flows, discount rates and other factors. The estimates of cash flows, future earnings, and discount rate are subject to change due to the economic environment and business trends, including such factors as raw material and product pricing, interest rates, expected market returns and volatility of markets served, as well as our future manufacturing capabilities, government regulation and technological change. We believe that the estimates of future cash flows, future earnings, and fair value are reasonable; however, changes in estimates, circumstances or conditions could have a significant impact on our fair valuation estimation, which could then result in an impairment charge in the future.

During the year ended December 31, 2017, in connection with our annual goodwill impairment test, the Company recognized an impairment charge of \$30,618 thousand related to the partial impairment of goodwill in Canada, resulting from a decline in future estimated sales prices and a decrease in our estimated long-term growth rate which caused the Company to revise its expected future cash flows from its Canadian business operations.

During the year ended December 31, 2016, in connection with our annual goodwill impairment test, the Company recognized an impairment charge of \$193,000 thousand related to the partial impairment of goodwill in North America, that was recorded as a result of Business Combination, resulting from a sustained decline in sales prices that continued throughout 2016 and which caused the Company to revise its expected future cash flows from its North American business operations.

Ferroglobe operates in a cyclical market, and silicon and silicon-based alloy index pricing and foreign import pressure into the U.S. and Canadian markets impact the future projected cash flows used in our impairment analysis.

### ***Long-lived assets (excluding goodwill)***

In order to ascertain whether its assets have become impaired, Ferroglobe compares their carrying amount with their recoverable amount if there are indications that the assets might have become impaired. Where the asset itself does not generate cash flows that are independent from other assets, Ferroglobe estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value and value in use, which is the present value of the future cash flows that are expected to be derived from continuing use of the asset and from its ultimate disposal at the end of its useful life, discounted at a pre-tax rate which reflects the time value of money and the risks specific to the business to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and an impairment loss is recognized as an expense under "net impairment losses" in the consolidated income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment is recognized as "other income" in the consolidated income statement. The basis for depreciation or amortization is the carrying amount of the assets, deemed to be the acquisition cost less any accumulated impairment losses.

During 2016, the Company determined due to market conditions that our facility in Venezuela was to be idled. Since the cash flows from the cash generating unit were uncertain, the Company tested the long-lived assets for impairment. The recoverable amount of the cash generating unit was determined based on the fair value of the assets less costs to dispose. The Company concluded that the costs to dispose exceed the fair value of the assets, primarily due to political and financial instability in Venezuela. As a result, the Company fully impaired the long-lived assets and took an impairment charge of \$58,472 thousand for property, plant and equipment.

During 2016, the Company recognized an impairment charge of \$9,176 thousand related to the Company's mining assets in South Africa, comprising goodwill impairment of \$1,612 thousand, impairment of property, plant and equipment of \$7,334 thousand (including associated translation differences) and impairment of other intangible assets of \$230 thousand.

### ***Inventories***

Cost of inventories is determined by the average cost method. Inventories are valued at the lower of cost or market value. Circumstances may arise (e.g., reductions in market pricing, obsolete, slow moving or defective inventory) that require the carrying amount of our inventory to be written down to net realizable value. We estimate market and net realizable value based on current and future expected selling prices, as well as expected costs to complete, including utilization of parts and supplies in our manufacturing process. We believe that these estimates are reasonable; however, future market price decreases caused by changing economic conditions, customer demand, or other factors could result in future inventory write-downs that could be material.

### ***Income taxes***

The current income tax expense incurred by Ferroglobe subsidiaries on an individual basis is determined by applying the applicable tax rate to the taxable profit for the year, calculated on the basis of accounting profit before tax, increased or decreased, as appropriate, by the permanent differences arising from the application of tax legislation and by the elimination of any tax consolidation adjustments, taking into account tax relief and tax credits. The consolidated income tax expense is calculated by adding together the expense recognized by each of the consolidated subsidiaries, increased or decreased, as appropriate, as a result of the tax effect of consolidation adjustments for accounting purposes.

Ferroglobe's deferred tax assets and liabilities include temporary differences measured at the amounts expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled. Deferred tax liabilities are recognized for all taxable temporary differences, except for those arising from the initial recognition of goodwill. Deferred tax assets are recognized to the extent that it is considered probable that Ferroglobe will have taxable profits in the future against which the deferred tax assets can be utilized. The deferred tax assets and liabilities recognized are reassessed at each reporting date in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

Significant judgment is required in determining income tax provisions and tax positions. Ferroglobe may be challenged upon review by the applicable taxing authorities, and positions taken may not be sustained. The accounting for uncertain income tax positions requires consideration of timing and judgments about tax issues and potential outcomes and is a subjective estimate. In certain circumstances, the ultimate outcome of exposures and risks involves significant uncertainties. If actual outcomes differ materially from these estimates, they could have a material impact on Ferroglobe's results of operations and financial condition. Interest and penalties related to uncertain tax positions are recognized in income tax expense.

**Results of Operations — Year Ended December 31, 2017 Compared to Year Ended December 31, 2016**

(\$ thousands)	Year ended December 31,	
	2017	2016
Sales	1,741,693	1,576,037
Cost of sales	(1,043,395)	(1,043,412)
Other operating income	18,199	26,215
Staff costs	(301,963)	(296,399)
Other operating expense	(239,926)	(243,946)
Depreciation and amortization charges, operating allowances and write-downs	(104,529)	(125,677)
Operating profit (loss) before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other losses	<b>70,079</b>	<b>(107,182)</b>
Impairment losses	(30,957)	(268,089)
Net gain due to changes in the value of assets	7,504	1,891
(Loss) gain on disposal of non-current assets	(4,316)	340
Other losses	(2,613)	(40)
<b>Operating profit (loss)</b>	<b>39,697</b>	<b>(373,080)</b>
Finance income	3,708	1,536
Finance costs	(65,412)	(30,251)
Financial derivative loss	(6,850)	—
Exchange differences	8,214	(3,513)
<b>Loss before tax</b>	<b>(20,643)</b>	<b>(405,308)</b>
Income tax benefit	14,821	46,695
<b>Loss for the year</b>	<b>(5,822)</b>	<b>(358,613)</b>
Loss attributable to non-controlling interests	5,144	20,186
<b>Loss attributable to the Parent</b>	<b>(678)</b>	<b>(338,427)</b>

**Sales**

Sales increased \$165,656 thousand or 10.5%, from \$1,576,037 thousand for the year ended December 31, 2016 to \$1,741,693 thousand for the year ended December 31, 2017, primarily due to an increase in average selling prices across all major products (excluding by-products). The average selling price for silicon metal increased by 3.1% to \$2,270/MT in 2017, as compared to \$2,201/MT in 2016; the average selling price for silicon-based alloys increased by 14.9% to \$1,608/MT in 2017, as compared to \$1,400/MT in 2016; and the average selling price for manganese-based alloys increased by 60.7% to \$1,327/MT in 2017, as compared to \$826/MT in 2016. The increase in average selling prices reflects an upward pricing trend in the markets for silicon metal and silicon-based alloys.

The increase in average selling prices were partially offset by a 2.9% decrease in sales volumes across all major products. Silicon metal sales volume decreased by 4.5% and silicon-based alloys sales volume decreased by 4.9%, while manganese-based alloys sales volume increased by 2.9%.

**Cost of sales**

Cost of sales decreased \$17 thousand, from \$1,043,412 thousand for the year ended December 31, 2016 to \$1,043,395 thousand for the year ended December 31, 2017, primarily due to a decrease in sales volumes. This decrease was offset by an increase in our cost of production, mainly due to furnace overhauls in North America and in Europe which mainly impacted our silicon metal costs. An increase in energy costs in Europe impacted our costs for silicon-based alloys and an increase in the purchase price of manganese ore impacted our costs for manganese-based alloys.

***Other operating income***

Other operating income decreased \$8,016 thousand, or 30.6%, from \$26,215 thousand for the year ended December 31, 2016 to \$18,199 thousand for the year ended December 31, 2017, primarily due to an exceptional sale of products manufactured by a third party in 2016. These products were initially purchased for use in Ferroglobe's plants but were ultimately sold to another third party, resulting in non-recurrent other operating income in 2016.

***Staff costs***

Staff costs increased \$5,564 thousand, or 1.9%, from \$296,399 thousand for the year ended December 31, 2016 to \$301,963 thousand for the year ended December 31, 2017, primarily due to a provision related to labor claims that are ongoing as well as an increase in variable wages and benefits driven by the Company's financial performance in 2017 as compared to 2016. Staff costs also increased due to an increase in head count primarily needed for the restart of our Selma, Alabama facility.

***Other operating expense***

Other operating expense decreased \$4,020 thousand, or 1.6%, from \$243,946 thousand for the year ended December 31, 2016 to \$239,926 thousand for the year ended December 31, 2017, primarily due to a lower cost structure in our facilities. Selling, general and administrative expenses for our factories and our global and local headquarters decreased year over year, primarily due to a reduction of contracting of external services as well as synergies recognized from the Business Combination.

***Depreciation and amortization charges, operating allowances and write-downs***

Depreciation and amortization charges, operating allowances and write-downs decreased \$21,148 thousand or 16.8%, from \$125,677 thousand for the year ended December 31, 2016 to \$104,529 thousand for the year ended December 31, 2017, primarily due to a decrease in depreciation and amortization relating to fully depreciated and amortized fixed assets at the end of 2016. Additionally, there was a decrease in write-downs of trade receivables allowance in 2017 due to lower uncollectable receivable rates associated with improved risk management.

***Impairment losses***

Impairment losses decreased \$237,132 thousand, from a loss of \$268,089 thousand for the year ended December 31, 2016 to a loss of \$30,957 thousand for the year ended December 31, 2017. During the year ended December 31, 2017, in connection with our annual goodwill impairment test, the Company recognized an impairment charge of \$30,618 thousand related to the partial impairment of goodwill in Canada, resulting from a decline in future estimated sales prices and a decrease in our estimated long-term growth rate which caused the Company to revise its expected future cash flows from its Canadian business operations. During the year ended December 31, 2016, the Company recognized an impairment charge of \$193,000 thousand related to the partial impairment of goodwill at the U.S. and Canada, resulting from a sustained decline in sales prices that continued throughout 2016 and which caused the Company to revise its expected future cash flows from Globe's business operations. The impairment associated with the U.S. cash-generating units was \$178,900 thousand and the amount that is associated with Canadian cash-generating units was \$14,100 thousand. Additionally, during the year ended December 31, 2016 the Company recognized an impairment of non-current operational assets located in Venezuela, totaling \$58,472 thousand.

***Net gain due to changes in the value of assets***

Net gain due to the changes in the value of assets primarily relates to the remeasured fair value of the Company's timber farms in South Africa as of December 31, 2017.

***(Loss) gain on disposal of non-current assets***

A net loss of \$4,316 thousand for the year ended December 31, 2017 relates primarily to the disposals certain property plant, and equipment in the U.S. that had a stepped-up fair value at the date of the Business Combination but were subsequently disposed of during scheduled furnace overhauls in 2017.

***Finance income***

Finance income increased \$2,172 thousand, or 141.4%, from \$1,536 thousand for the year ended December 31, 2016 to \$3,708 thousand for the year ended December 31, 2017, primarily due to the accounts receivable securitization program that was entered into in July 2017, which resulted in \$1,935 thousand of interest income.

***Finance costs***

Finance costs increased \$35,161 thousand, or 116.2%, from \$30,251 thousand for the year ended December 31, 2016 to \$65,412 thousand for the year ended December 31, 2017, primarily as a result of the issuance of Senior Notes in February 2017, which resulted in \$28,961 thousand of finance costs.

***Financial derivative loss***

Financial derivative loss of \$6,850 thousand resulted from our cross currency swap entered into in May 2017. The loss is related to the portion of the notional amount of the cross currency swap that is not designated as a cash flow hedge.

***Exchange differences***

Exchange differences decreased \$11,727 thousand, from a loss of \$3,513 thousand for the year ended December 31, 2016 to income of \$8,214 thousand for the year ended December 31, 2017, primarily due to the fluctuation of foreign exchange rates, mainly the exchange rate between the Euro and the U.S. Dollar.

***Income tax benefit***

Income tax benefit decreased \$31,874 thousand, or 68.3%, from an income tax benefit of \$46,695 thousand for the year ended December 31, 2016 to an income tax benefit of \$14,821 thousand for the year ended December 31, 2017, primarily due to higher taxable income in 2017 than in 2016. The decrease was offset by the impact of U.S. tax reform enacted in 2017 which resulted in an income tax benefit of \$31.2 million representing the remeasurement of the Company's U.S. net deferred tax liability as a consequence of the reduction of the U.S. federal corporate statutory tax rate from 35% to 21% with effect from January 1, 2018, which was offset by income tax expense on taxable income.

***Segment operations***

During 2017, upon further evaluation of the management reporting structure as a result of the integration of the operations of FerroAtlántica and Globe we have concluded that our Venezuela operations are no longer significant as an operating and reportable segment due to the decision to significantly reduce these operations in 2016. As such, in 2017 we have included our Venezuela operations as part of "Other Segments". The comparative prior periods have been restated to conform to the 2017 reportable segment presentation.

Operating segments are based upon the Company's management reporting structure. As such, we report our results in accordance with the following segments:

- Electrometallurgy – North America;
- Electrometallurgy – Europe;



- Electrometallurgy – South Africa; and
- Other Segments.

**Electrometallurgy – North America**

(\$ thousands)	Year ended December 31,	
	2017	2016
Sales	541,143	521,192
Cost of sales	(303,096)	(325,254)
Other operating income	2,701	362
Staff costs	(90,802)	(82,032)
Other operating expense	(68,537)	(64,606)
Depreciation and amortization charges, operating allowances and write-downs	(66,789)	(73,530)
<b>Operating profit (loss) before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other losses</b>	<b>14,620</b>	<b>(23,868)</b>

**Sales**

Sales increased \$19,951 thousand, or 3.8%, from \$521,192 thousand for the year ended December 31, 2016 to \$541,143 thousand for the year ended December 31, 2017, primarily due to a 4.9% increase in sales volumes partially offset by a 1.1% decrease in the average selling price of silicon metal and a 0.9% decrease in average selling price of silicon-based alloys.

**Cost of sales**

Cost of sales decreased \$22,158 thousand, or 6.8%, from \$325,254 thousand for the year ended December 31, 2016 to \$303,096 thousand for the year ended December 31, 2017, primarily due to a \$10,022 thousand step-up in the fair value of U.S. inventory as part of price accounting associated with the Business Combination, being released into cost of sales as the inventory was sold throughout 2016. Unplanned downtime at our silicon-based alloys production plant due to breaker failure contributed to the increase in costs in 2016. In 2017, the Company implemented cost reduction initiatives in our U.S. and Canadian facilities which helped improve costs in 2017.

**Staff costs**

Staff costs increased \$8,770 thousand, or 10.7%, from \$82,032 thousand for the year ended December 31, 2016 to \$90,802 thousand for the year ended December 31, 2017, primarily due to an increase in U.S. head count needed for the restart of our Selma, Alabama facility.

**Other operating expense**

Other operating expense increased \$3,931 thousand, or 6.1%, from \$64,606 thousand for the year ended December 31, 2016 to \$68,537 thousand for the year ended December 31, 2017, primarily due to a \$2,200 thousand increase in legal expenses associated with the trade cases in the U.S. and Canada.

**Depreciation and amortization charges, operating allowances and write-downs**

Depreciation and amortization charges, operating allowances and write-downs decreased \$6,741 thousand, or 9.2%, from \$73,530 thousand for the year ended December 31, 2016 to \$66,789 thousand for the year ended December 31, 2017, primarily due to full amortization of computer software as well as property, plant and equipment becoming fully depreciated at the end of 2016.

**Electrometallurgy – Europe**

(\$ thousands)	Year ended December 31,	
	2017	2016
Sales	1,083,200	949,547
Cost of sales	(690,589)	(672,026)
Other operating income	12,681	25,908
Staff costs	(147,595)	(132,440)
Other operating expense	(107,130)	(118,269)
Depreciation and amortization charges, operating allowances and write-downs	(27,404)	(31,730)
<b>Operating profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other losses</b>	<b>123,163</b>	<b>20,990</b>

**Sales**

Sales increased \$133,653 thousand or 14.1%, from \$949,547 thousand for the year ended December 31, 2016 to \$1,083,200 thousand for the year ended December 31, 2017, primarily due to a 21.9% increase in average selling prices for all primary products as well as a foreign exchange impact which increased sales by \$21,862 thousand.

Average selling prices (in local currency) for silicon metal, silicon-based alloys and manganese alloys pricing increased 2.6%, 14.1% and 56.8%, respectively, primarily due to higher market index pricing in Europe. The sales volume of primary products was relatively consistent year-over-year, with an increase of 2.7% for the year ended December 31, 2017 compared to the year ended December 31, 2016.

**Cost of sales**

Cost of sales increased \$18,563 thousand, or 2.8%, from \$672,026 thousand for the year ended December 31, 2016 to \$690,589 thousand for the year ended December 31, 2017, primarily due to an increase in the price of raw material. In addition, there was an unfavorable foreign exchange impact, which increased Euro-denominated costs by \$13,924 thousand.

**Other operating income**

Other operating income decreased \$13,227 thousand, or 51.1%, from \$25,908 thousand for the year ended December 31, 2016 to \$12,681 thousand for the year ended December 31, 2017, primarily is due to an exceptional sale of products manufactured by a third entity in 2016 (products which were initially purchased for use in Ferroglobe plants). There was a favorable foreign exchange impact, which increased Euro-denominated incomes by \$256 thousand.

**Staff costs**

Staff costs increased \$15,155 thousand or 11.4%, from \$132,440 thousand for the year ended December 31, 2016 to \$147,595 thousand for the year ended December 31, 2017, primarily due to an increase in variable wages and benefits driven by financial performance for employees in France and in Spain. There was an unfavorable foreign exchange impact, which increased Euro-denominated costs by \$2,982 thousand.

**Other operating expense**

Other operating expense decreased \$11,139 thousand, or 9.4%, from \$118,269 thousand for the year ended December 31, 2016 to \$107,130 thousand for the year ended December 31, 2017, primarily due to a reduction of non-recurring transaction costs related to the Business Combination, which were incurred in 2016. There was an unfavorable foreign exchange impact, which increased Euro-denominated costs by \$2,162 thousand.

**Depreciation and amortization charges, operating allowances and write-downs**

Depreciation and amortization charges, operating allowances and write-downs decreased \$4,326 thousand, or 13.6%, from \$31,730 thousand for the year ended December 31, 2016 to \$27,404 thousand for the year ended December 31, 2017, primarily due to a decrease in write-downs of trade receivables allowances of \$5,963 thousand as we reduced our exposure to customers that entered delinquency in 2016. There was an unfavorable foreign exchange impact, which increased Euro-denominated costs by \$553 thousand.

**Electrometallurgy – South Africa**

(\$ thousands)	Year ended December 31,	
	2017	2016
Sales	122,504	142,160
Cost of sales	(81,744)	(99,124)
Other operating income	2,868	3,422
Staff costs	(23,495)	(23,589)
Other operating expense	(24,462)	(28,834)
Depreciation and amortization charges, operating allowances and write-downs	(5,788)	(4,732)
<b>Operating loss before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other losses</b>	<b>(10,117)</b>	<b>(10,697)</b>

**Sales**

Sales decreased \$19,656 thousand, or 13.8%, from \$142,160 thousand for the year ended December 31, 2016 to \$122,504 thousand for the year ended December 31, 2017, primarily due to a 63.9% decrease in silicon metal sales volumes, as a result of furnaces 1 and 3 of Polokwane plant being idle during 2017. This decrease was partly offset by a 22.8% increase in silicon-based alloy sales volumes due to an improvement in demand in the domestic market. Average selling prices of all primary products increased 4% in 2017 compared to 2016, and there was a positive foreign exchange impact, which increased sales by \$2,489 thousand.

**Cost of sales**

Cost of sales decreased \$17,380 thousand, or 17.5%, from \$99,124 thousand for the year ended December 31, 2016 to \$81,744 thousand for the year ended December 31, 2017, primarily due to a 63.9% decrease in silicon metal sales volumes from 2016 to 2017, partially offset by an increase of 22.8% in silicon-based alloy sales volumes, as well as an unfavorable foreign exchange impact which increased cost of sales by \$1,667 thousand.

**Other operating income**

Other operating income decreased \$554 thousand, or 16.2%, from \$3,422 thousand for the year ended December 31, 2016 to \$2,868 thousand for the year ended December 31, 2017, primarily due to a decrease in by-product sales as a result of weak demand in the domestic market as well as a reduction of other services provided to third parties. There was a favorable foreign exchange impact, which increased Euro-denominated income by \$57 thousand.

**Staff costs**

Staff costs decreased \$94 thousand or 0.4%, from \$23,589 thousand for the year ended December 31, 2016 to \$23,495 thousand for the year ended December 31, 2017, due to the staffing adjustments carried out in 2017 in connection with furnaces 1 and 3 of Polokwane plant, which were idle during 2017. This decrease was partially offset by a foreign exchange impact, which increased staff costs by \$474 thousand.

**Other operating expense**

Other operating expense decreased \$4,372 thousand, or 15.2%, from \$28,834 thousand for the year ended December 31, 2016 to \$24,462 thousand for the year ended December 31, 2017, primarily due to lower variable, selling, and administrative costs during 2017 when the plant was idled or operating at a reduced production level. This decrease was partially offset by a foreign exchange impact, which increased other operating expense by \$482 thousand.

**Depreciation and amortization charges, operating allowances and write-downs**

Depreciation and amortization charges, operating allowances and write-downs increased \$1,056 thousand, or 22.3%, from \$4,732 thousand for the year ended December 31, 2016 to \$5,788 thousand for the year ended December 31, 2017. This change is primarily attributable to higher lower capital expenditures as well as a foreign exchange impact which increased depreciation and amortization charges by \$117 thousand.

**Other segments**

(\$ thousands)	Year ended December 31,	
	2017	2016
Sales	60,199	90,337
Cost of sales	(33,616)	(79,912)
Other operating income	15,619	4,713
Staff costs	(39,851)	(58,577)
Other operating expense	(55,955)	(37,964)
Depreciation and amortization charges, operating allowances and write-downs	(4,557)	(12,818)
<b>Operating loss before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other losses</b>	<b>(58,161)</b>	<b>(94,221)</b>

**Sales**

Sales decreased \$30,138 thousand, or 33.4%, from \$90,337 thousand for the year ended December 31, 2016 to \$60,199 for the year ended December 31, 2017, primarily due to the idling of operations at FerroVen, S.A. during 2016, which resulted in a \$20,353 thousand decrease in sales during 2017.

**Cost of sales**

Cost of sales decreased \$46,296 thousand, or 57.9%, from \$79,912 thousand for the year ended December 31, 2016 to \$33,616 thousand for the year ended December 31, 2017, primarily due to the idling of operations at FerroVen, S.A. during 2016, which decreased cost of sales as a result of reduced sales volumes. The devaluation of Venezuelan local currency resulted in a \$28,979 thousands decrease in cost of sales. A decrease of \$8,134 thousand resulted from Mangshi being idled in 2017. Decreases were partially offset by a \$2,616 thousand increase at Metales as we operated with an additional furnace and a \$2,668 thousand increase at Yonvey as we resumed production of electrodes.

**Other operating income**

Other operating income increased \$10,906 thousand, or 231.4%, from \$4,713 thousand for the year ended December 31, 2016 to \$15,619 thousand for the year ended December 31, 2017, primarily due to at chargeback of services by Ferroglobe PLC to its subsidiaries.

**Staff costs**

Staff costs decreased \$18,726 thousand or 32.0%, from \$58,577 thousand for the year ended December 31, 2016 to \$39,851 thousand for the year ended December 31, 2017, as a result of executive severance payments of approximately

\$21,000 thousand in 2016. The decrease was partially offset by an increase in variable wages resulting from an improved financial performance in 2017.

#### **Other operating expense**

Other operating expense increased \$17,991 thousand, or 47.4%, from \$37,964 thousand for the year ended December 31, 2016 to \$55,955 for the year ended December 31, 2017, primarily due to the accrual of \$12,444 thousand for accrual of contingent liabilities.

#### **Depreciation and amortization charges, operating allowances and write-downs**

Depreciation and amortization charges, operating allowances and write-downs decreased \$8,261 thousand, or 64.4%, from \$12,818 thousand for the year ended December 31, 2016 to \$4,557 thousand for the year ended December 31, 2017, primarily due to a \$4,025 thousand decrease at FerroVen, S.A. and a \$2,625 thousand decrease in Energy.

#### **Results of Operations — Year Ended December 31, 2016 Compared to Year Ended December 31, 2015**

(\$ thousands)	Year ended December 31,	
	2016	2015
Sales	1,576,037	1,316,590
Cost of sales	(1,043,412)	(818,736)
Other operating income	26,215	15,751
Staff costs	(296,399)	(205,869)
Other operating expense	(243,946)	(200,296)
Depreciation and amortization charges, operating allowances and write-downs	(125,677)	(67,050)
<b>Operating (loss) profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other losses</b>	<b>(107,182)</b>	<b>40,390</b>
Impairment losses	(268,089)	(52,042)
Net gain (loss) due to changes in the value of assets	1,891	(912)
Gain (loss) on disposal of non-current assets	340	(2,214)
Other losses	(40)	(347)
<b>Operating loss</b>	<b>(373,080)</b>	<b>(15,125)</b>
Finance income	1,536	1,096
Finance costs	(30,251)	(30,405)
Exchange differences	(3,513)	35,904
<b>Loss before tax</b>	<b>(405,308)</b>	<b>(8,530)</b>
Income tax benefit (expense)	46,695	(49,942)
<b>Loss for the year</b>	<b>(358,613)</b>	<b>(58,472)</b>
Loss attributable to non-controlling interests	20,186	15,204
<b>Loss attributable to the Parent</b>	<b>(338,427)</b>	<b>(43,268)</b>

The financial information for the year ended December 31, 2016 includes the consolidated results for the full year ended December 31, 2016, whereas the financial information for the year ended December 31, 2015 includes the results of Globe for only the eight -day period ended December 31, 2015 subsequent to the Business Combination on December 23, 2015.

#### **Sales**

Sales increased \$259,447 thousand or 19.7%, from \$1,316,590 thousand for the year ended December 31, 2015 to \$1,576,037 thousand for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe sales in 2016 of \$545,264 thousand as compared to the inclusion of only eight days of Globe sales in 2015. This increase was offset by a 20.3% decrease in average selling prices (prices based in euros) of all primary products and a 0.4% decrease in sales volumes at FerroAtlántica.

Excluding Globe, average selling prices (in local currency) for silicon metal, silicon-based alloys and manganese alloys pricing decreased by 16.0%, 9.2% and 18.2%, respectively, primarily due to lower European market index pricing.

Excluding Globe, silicon metal sales volume decreased 7.5%, primarily due to lower demand driven by pricing pressure from imports. This decrease was partially offset by slight increases in sales volumes of silicon-based alloys and manganese alloys, of 3.5% and 2.4%, respectively.

In summary, since late 2014, we have experienced a sharp decrease in silicon metal prices, our main product produced and sold, which adversely affected our sales for the year ended December 31, 2016, as compared to the sales of FerroAtlántica and Globe for the year ended December 31, 2015. This effect was particularly pronounced in relation to the sales of our European business.

#### ***Cost of sales***

Cost of sales increased \$224,676 thousand, or 27.4%, from \$818,736 thousand for the year ended December 31, 2015 to \$1,043,413 thousand for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe cost of sales in 2016 of \$340,617 thousand as compared to the inclusion of only eight days of Globe cost of sales in 2015. This increase was offset by a 14.2% decrease in the cost of sales of FerroAtlántica due to manufacturing cost improvement initiatives, including lower raw material and energy costs.

#### ***Other operating income***

Other operating income increased \$10,464 thousand, or 66.4%, from \$15,751 thousand for the year ended December 31, 2015 to \$26,215 thousand for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe other operating income in 2016 of \$2,986 thousand as compared to the inclusion of only eight days of Globe other operating income in 2015. In addition, the increase in other operating income is attributable to an increase in sales of fines, silica fume and other by-products.

#### ***Staff costs***

Staff costs increased \$90,530 thousand, or 44.0%, from \$205,869 thousand for the year ended December 31, 2015 to \$296,399 thousand for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe staff costs in 2016 of \$121,251 thousand as compared to the inclusion of only eight days of Globe staff costs in 2015. This increase was offset by a decrease in FerroAtlántica staff costs of approximately \$30,000 thousand due to a decrease in variable-based compensation expense reflecting annual company performance.

#### ***Other operating expense***

Other operating expense increased \$43,650 thousand, or 21.8%, from \$200,296 thousand for the year ended December 31, 2015 to \$243,946 thousand for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe other operating expense in 2016 of \$63,065 thousand as compared to the inclusion of only eight days of Globe other operating expense in 2015. This increase was offset by a decrease in due diligence expenses related to the Business Combination in 2015.

#### ***Depreciation and amortization charges, operating allowances and write-downs***

Depreciation and amortization charges, operating allowances and write-downs increased \$58,627 thousand or 87.4%, from \$67,050 thousand for the year ended December 31, 2015 to \$125,677 thousand for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe depreciation and amortization charges, operating allowances and write-downs in 2016 of \$73,525 thousand as compared to the inclusion of only eight days of Globe depreciation and amortization charges, operating allowances and write-downs in 2015.

**Impairment losses**

Net impairment losses increased \$216,047 thousand, from a loss of \$52,042 thousand for the year ended December 31, 2015 to a loss of \$268,089 thousand for the year ended December 31, 2016. The increase in impairment losses is primarily due to the impairment of goodwill in relation to our North American assets of \$193,000 thousand, the impairment of non-current operational assets located in Venezuela, South Africa and France, totaling \$58,472 thousand, \$9,176 thousand, and \$1,178 thousand, respectively, and the impairment of non-current financial assets amounting \$5,623 thousand.

**Finance income**

Finance income increased \$440 thousand, or 40.1%, from \$1,096 thousand for the year ended December 31, 2015 to \$1,536 thousand for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe finance income in 2016 of \$676 thousand as compared to the inclusion of only eight days of Globe finance income in 2015.

**Finance costs**

Finance costs decreased \$154 thousand, or 0.5%, from \$30,405 thousand for the year ended December 31, 2015 to \$30,251 thousand for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe finance costs in 2016 of \$5,714 thousand as compared to the inclusion of only eight days of Globe finance income in 2015. This increase was offset by a reduction in FerroAtlántica's outstanding debt and, therefore incurred lower finance costs, as well as a decrease in interest rates year-over-year.

**Exchange differences**

Exchange differences decreased \$39,417 thousand, from a gain of \$35,904 thousand for the year ended December 31, 2015 to a loss of \$3,513 thousand for the year ended December 31, 2016, partially due to the inclusion of a full year of Globe exchange differences in 2016 of \$4,567 thousand related to the devaluation of the Argentine Peso, as compared to the inclusion of only eight days of Globe exchange differences in 2015.

**Income tax**

Income tax expense decreased \$96,637 thousand, or 193.5%, from an income tax expense of \$49,942 thousand for the year ended December 31, 2015 to an income tax benefit of \$46,695 thousand for the year ended December 31, 2016. This decrease is primarily attributable to the inclusion of a full year of Globe income tax benefit in 2016 of \$30,598 thousand as compared to the inclusion of eight days of Globe income tax expense in 2015. In addition, FerroAtlántica operations generated losses in 2016, which further increased the income tax benefit for the year ended December 31, 2016.

**Electrometallurgy – North America**

(\$ thousands)	Year ended December 31,	
	2016	2015
Sales	521,192	10,062
Cost of sales	(325,254)	(6,200)
Other operating income	362	17
Staff costs	(82,032)	(1,983)
Other operating expense	(64,606)	(276)
Depreciation and amortization charges, operating allowances and write-downs	(73,530)	(1,183)
<b>Operating (loss) profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other losses</b>	<b>(23,868)</b>	<b>437</b>

The Electrometallurgy – North America segment comprises of only Globe subsidiaries. As a result, the segment information for the year ended December 31, 2016 includes the segment information for the full year ended December 31,

2016, whereas the segment information for the year ended December 31, 2015 includes the segment information for only the eight-day period ended December 31, 2015 subsequent to the Business Combination on December 23, 2015.

***Sales***

Sales increased \$511,130 thousand, from \$10,062 thousand for the year ended December 31, 2015 to \$521,192 thousand for the year ended December 31, 2016, primarily due to the inclusion of the full year of sales in 2016 as compared to the inclusion of only eight days of sales in 2015 following the Business Combination. On a pro-forma basis, sales for the segment decreased \$165,655 thousand, or 24%, from \$686,847 thousand in 2015 to \$521,192 thousand in 2016. The decrease was primarily attributable to a 12% decrease in average selling prices coupled with a 15% decrease in tons sold. Silicon metal pricing decreased 14%, primarily due to lower index pricing, which resulted in lower pricing on annual calendar 2016 contracts and index-based contracts. Silicon-based alloys pricing decreased 10% as a result of lower index pricing. Silicon metal volume decreased 10%, primarily due to lower demand driven by pricing pressure from imports. Silicon-based alloys volume decreased 24% due to a weaker end market and lower customer demand.

***Cost of sales***

Cost of sales increased by \$319,054 thousand, from \$6,200 thousand for the year ended December 31, 2015 to \$325,254 thousand for the year ended December 31, 2016. On a pro-forma basis, cost of sales decreased in line with the 15% decrease in sales volumes, offset by higher stand-down costs associated with the idling of the Selma, Alabama plant in February 2016 without any corresponding production.

***Staff costs***

Staff costs increased by \$80,049 thousand, from \$1,983 thousand for the year ended December 31, 2015 to \$82,032 thousand for the year ended December 31, 2016. On a pro-forma basis, staff costs decreased by approximately 18%, due to lower variable-based compensation expense reflecting annual company performance year-over-year.

***Other operating expense***

Other operating expense increased by \$64,330 thousand, from \$276 thousand for the year ended December 31, 2015 to \$64,606 thousand for the year ended December 31, 2016, primarily due to a full twelve months of other operating expense in 2016 as compared to only eight days of Globe other operating expense in 2015. On a pro-forma basis, other operating expense decreased due to lower non-recurring transaction costs during 2015 related to the Business Combination.



**Depreciation and amortization charges, operating allowances and write-downs**

Depreciation and amortization charges, operating allowances and write-downs increased by \$72,347 thousand, from \$1,183 thousand for the year ended December 31, 2015 to \$73,530 thousand for the year ended December 31, 2016. On a pro-forma basis, depreciation and amortization charges, operating allowances and write-downs increased by approximately 50%. This increase is attributable to the increased depreciable asset balance during 2016 as a result of the use of the acquisition -method treatment of Globe's non-current assets associated with the Business Combination, as all acquired assets and liabilities were stepped up to fair value as of the closing date of the Business Combination.

**Electrometallurgy – Europe**

(\$ thousands)	Year ended December 31,	
	2016	2015
Sales	949,547	1,174,968
Cost of sales	(672,026)	(811,114)
Other operating income	25,908	52,211
Staff costs	(132,440)	(148,652)
Other operating expense	(118,269)	(142,867)
Depreciation and amortization charges, operating allowances and write-downs	(31,730)	(35,255)
<b>Operating profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other losses</b>	<b>20,990</b>	<b>89,291</b>

**Sales**

Sales decreased \$225,421 thousand, or 19.2%, from \$1,174,968 thousand for the year ended December 31, 2015 to \$949,547 thousand for the year ended December 31, 2016, primarily due to an 18.5% decrease in average selling prices for all primary products as well as a foreign exchange impact, which decreased sales by \$2,574 thousand.

Average selling prices (in local currency) for silicon metal, silicon-based alloys and manganese alloys pricing decreased 20.4%, 22.6% and 12.3%, respectively, primarily due to lower European market index pricing. The sales volume of primary products was relatively consistent year-over-year.

**Cost of sales**

Cost of sales decreased \$139,088 thousand, or 17.1%, from \$811,114 thousand for the year ended December 31, 2015 to \$672,026 thousand for the year ended December 31, 2016, primarily due to manufacturing cost improvement initiatives, including lower raw material and energy costs. In addition, there was a favorable foreign exchange impact, which decreased Euro-denominated costs by \$1,821 thousand.

**Other operating income**

Other operating income decreased \$26,303 thousand, or 50.4%, from \$52,211 thousand for the year ended December 31, 2015 to \$25,908 thousand for the year ended December 31, 2016, primarily due to intercompany charges to the parent company during 2015 for its share of non-recurring transaction costs related to the Business Combination, which FerroAtlántica paid.

**Staff costs**

Staff costs decreased \$16,212 thousand or 10.9%, from \$148,652 thousand for the year ended December 31, 2015 to \$132,440 thousand for the year ended December 31, 2016, primarily due to a decrease in the bonus and other social benefits in France and in Spain to reflect the Company's annual performance.

**Other operating expense**

Other operating expense decreased \$24,598 thousand, or 17.2%, from \$142,867 thousand for the year ended December 31, 2015 to \$118,269 thousand for the year ended December 31, 2016, primarily due to a reduction of non-recurring transaction costs of approximately \$27,000 thousand related to the Business Combination in 2015.

**Depreciation and amortization charges, operating allowances and write-downs**

Depreciation and amortization charges, operating allowances and write-downs decreased \$3,525 thousand, or 10.0%, from \$35,255 thousand for the year ended December 31, 2015 to \$31,730 thousand for the year ended December 31, 2016, primarily due to a decrease in write-downs of trade receivables allowances of \$2,115 thousand as we reduced exposure to customers that entered delinquency in 2015. In addition, there was a \$1,410 thousand decrease in depreciation as a result of lower capital expenditures year-over-year.

**Electrometallurgy – South Africa**

(\$ thousands)	Year ended December 31,	
	2016	2015
Sales	142,160	219,890
Cost of sales	(99,124)	(134,978)
Other operating income	3,422	5,070
Staff costs	(23,589)	(24,663)
Other operating expense	(28,834)	(29,237)
Depreciation and amortization charges, operating allowances and write-downs	(4,732)	(7,744)
<b>Operating (loss) profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other losses</b>	<b>(10,697)</b>	<b>28,338</b>

**Sales**

Sales decreased \$77,730 thousand, or 35.3%, from \$219,890 thousand for the year ended December 31, 2015 to \$142,160 thousand for the year ended December 31, 2016, primarily due to a 17.1% decrease in silicon metal sales volumes due to the decline in exports to North America. In addition, there was an 18.8% decrease in silicon-based alloy sales volumes due to a weak domestic market. Average selling prices of all primary products decreased 30% in 2016 compared to 2015 due to a decrease in index pricing. This decrease was offset by a foreign exchange impact, which increased sales by \$18,761 thousand.

**Cost of sales**

Cost of sales decreased \$35,854 thousand, or 26.6%, from \$134,978 thousand for the year ended December 31, 2015 to \$99,124 thousand for the year ended December 31, 2016, primarily due to a 17.1% decrease in silicon metal sales volumes from 2015 to 2016 as well as a 33.4% decrease in silicon-based alloy sales volumes. This decrease was offset by a foreign exchange impact which increased cost of sales by \$13,082 thousand.

**Other operating income**

Other operating income decreased \$1,648 thousand, or 32.5%, from \$5,070 thousand for the year ended December 31, 2015 to \$3,422 thousand for the year ended December 31, 2016, primarily due to a decrease in by-product sales as a result of a weak domestic market as well as a reduction of other services provided to third parties.

**Staff costs**

Staff costs decreased \$1,074 thousand or 4.4%, from \$24,663 thousand for the year ended December 31, 2015 to \$23,589 thousand for the year ended December 31, 2016, primarily due to a \$4,187 thousand reduction of bonus and other social

benefits to reflect the Company's annual performance. This decrease was offset by a foreign exchange impact, which increased staff costs by \$3,113 thousand.

#### **Other operating expense**

Other operating expense decreased \$403 thousand, or 1.4%, from \$29,237 thousand for the year ended December 31, 2015 to \$28,834 thousand for the year ended December 31, 2016, primarily due to lower variable, selling, and administrative costs during 2016 when the plant was idled or operating at a reduced production level. This decrease was offset by a foreign exchange impact, which increased other operating expense by \$3,805 thousand.

#### **Depreciation and amortization charges, operating allowances and write-downs**

Depreciation and amortization charges, operating allowances and write-downs decreased \$3,012 thousand, or 38.9%, from \$7,744 thousand for the year ended December 31, 2015 to \$4,732 thousand for the year ended December 31, 2016. This change is primarily attributable to a \$1,572 thousand decrease in Receivable allowances and a decrease in depreciation of \$2,064 thousand due to lower capital expenditures year-over-year. This decrease was offset by a foreign exchange impact, which increased depreciation and amortization charges by \$624 thousand.

#### **Other segments**

(\$ thousands)	Year ended December 31,	
	2016	2015
Sales	90,337	129,123
Cost of sales	(79,912)	(88,041)
Other operating income	4,713	2,109
Staff costs	(58,577)	(30,574)
Other operating expense	(37,964)	(67,347)
Depreciation and amortization charges, operating allowances and write-downs	(12,818)	(22,492)
<b>Operating loss before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other losses</b>	<b>(94,221)</b>	<b>(77,222)</b>

#### **Sales**

Sales decreased \$38,786 thousand, or 30.0%, from \$129,123 thousand for the year ended December 31, 2015 to \$90,337 thousand for the year ended December 31, 2016, primarily due to a decrease in sales from partially and fully idled facilities, most significantly, FerroVen, which significantly reduced operations due to political and social instability in Venezuela, and MangShi, which was fully idled in November 2015. This decrease was offset by the inclusion of a full year of Globe sales in 2016 of \$23,532 thousand as compared to the inclusion of only eight days of Globe sales in 2015.

#### **Cost of sales**

Cost of sales decreased \$8,129 thousand, or 9.2%, from \$88,041 thousand for the year ended December 31, 2015 to \$79,912 thousand for the year ended December 31, 2016, primarily due to significantly reduced operations of Ferro Ven which was partially offset by the inclusion of a full year of Globe cost of sales in 2016 as compared to the inclusion of only eight days of Globe cost of sales in 2015. Additionally, inventory at MangShi was written down by approximately \$2,500 thousand in 2016.

#### **Other operating income**

Other operating income increased \$2,604 thousand, or 123.5%, from \$2,109 thousand for the year ended December 31, 2015 to \$4,713 thousand for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe other operating income in 2016 of \$1,647 thousand as compared to the inclusion of only eight days of Globe other operating income in 2015.

### **Staff costs**

Staff costs increased \$28,003 thousand or 91.6%, from \$30,574 thousand for the year ended December 31, 2015 to \$58,577 thousand for the year ended December 31, 2016, primarily due to the inclusion of a full year of Globe staff costs in 2016 of \$38,427 thousand as compared to the inclusion of only eight days of Globe sales in 2015. In addition, staff costs for the year ended December 31, 2016 include Alan Kestenbaum's severance payment of approximately \$21,000 thousand, as well as other payments, and the accelerated vesting of equity awards made in connection with his resignation pursuant to the terms of the Employment Agreement. The increase in staff costs was partially offset by a decrease in staff costs at FerroVen, S.A. primarily due to significantly reduced operations as well as the devaluation of the Venezuelan Bolivar, the local currency in which all employees are paid.

### **Other operating expense**

Other operating expense decreased \$29,383 thousand, or 43.6%, from \$67,347 thousand for the year ended December 31, 2015 to \$37,964 thousand for the year ended December 31, 2016, primarily due to significantly reduced operations at FerroVen, S.A. as well as the devaluation of the Venezuelan Bolivar, the local currency in which most local suppliers are paid in. Additionally, due diligence and development expenses decreased due to the decision not to continue with the FerroQuébec, Inc. project in late 2015.

### **Depreciation and amortization charges, operating allowances and write-downs**

Depreciation and amortization charges, operating allowances and write-downs decreased \$9,674 thousand, or 43.0%, from \$22,492 thousand for the year ended December 31, 2015 to \$12,818 thousand for the year ended December 31, 2016, primarily due to the decrease in the depreciation of fixed assets at FerroVen, S.A. as FerroVen, S.A. fully impaired its fixed assets at June 30, 2016, when the decision was made to idle the facility, as well as full impairment of fixed assets at MangShi at December 31, 2015. The decrease was offset by the inclusion of a full year of Globe depreciation and amortization charges, operating allowances and write-downs in 2016 as compared to the inclusion of only eight days of Globe depreciation and amortization charges, operating allowances and write-downs in 2015.

### **Effect of Inflation**

Management believes that the impact of inflation was not material to Ferroglobe's results of operations in the years ended December 31, 2017, 2016 and 2015, although we experienced the impact of Venezuelan inflation in 2017, 2016 and 2015 on FerroVen, S.A.'s production costs in these years, which resulted in a loss of competitiveness.

### **Cyclical Nature of the Industry and Movement in Market Prices, Raw Materials and Input Costs**

Our business has historically been subject to fluctuations in the price of our products and market demand for them, caused by general and regional economic cycles, raw material and energy price fluctuations, competition and other factors. The timing, magnitude and duration of these cycles and the resulting price fluctuations are difficult to predict. For example, we experienced a weakened economic environment in national and international metals markets, including a sharp decrease in silicon metal prices in all major markets from late 2014 to late 2017. The weakened economic environment adversely affected our profitability for the year ended December 31, 2016, with a particularly pronounced effect on the profitability of our European business over such period.

## **B. Liquidity and Capital Resources**

### **Sources of Liquidity**

Ferroglobe's primary sources of long-term liquidity are its Senior Notes with a \$350,000 thousand aggregate principal at an interest rate of 9.375%, due on March 1, 2022, a multicurrency Amended Revolving Credit Facility with an aggregate principal amount of \$200,000 thousand maturing on August 20, 2018 (nil drawn down as of December 31, 2017). Ferroglobe's short-term liquidity is sustained by the Company's non-recourse accounts receivable arrangement which

provides up to \$250,000 thousand of upfront cash consideration (approximately \$166,525 thousand as of December 31, 2017) as well as the Company's cash flows from operations.

Ferroglobe's primary short-term liquidity needs are to fund its capital expenditure commitments and operational needs and service its existing debt. Ferroglobe's long-term liquidity needs primarily relate to debt repayment. Ferroglobe's core objective with respect to capital management is to maintain a balanced and sustainable capital structure through the economic cycles of the industries in which it has a presence, while keeping the cost of capital at competitive levels so as to fund Ferroglobe's growth.

For the year ended December 31, 2017, operating activities generated \$150,375 thousand in cash, compared to \$129,169 thousand in 2016 and \$145,449 thousand in 2015. Investing activities used a total of \$74,818 thousand of cash in 2017, compared to \$84,281 thousand in 2016 and \$17,966 thousand in 2015. Financing activities resulted in a total outflow of \$113,397 thousand in cash in 2017, compared to an inflow of \$49,917 thousand in 2016 and an outflow of \$87,593 thousand in 2015. See "Cash Flow Analysis" below for additional information.

As of December 31, 2017, 2016 and 2015, Ferroglobe had cash and cash equivalents of \$184,472 thousand, \$196,982 thousand (inclusive of \$51 thousand of cash and cash equivalents in assets held for sale), and \$116,666 thousand, respectively. Cash and cash equivalents are held primarily held in U.S. Dollars and Euro.

As of December 31, 2017, Ferroglobe's total gross financial debt was \$571,337 thousand, compared to \$514,587 thousand as of December 31, 2016. As of December 31, 2017, gross financial debt was comprised of debt instruments of \$350,270 thousand as of December 31, 2017 (nil in 2016), bank borrowings of \$1,003 thousand (\$421,291 in 2016), \$82,633 thousand of finance leases (\$86,620 thousand in 2016), and other financial liabilities of \$137,431 thousand (\$93,635 thousand in 2016).

### **Working Capital Position**

Taking into account generally expected market conditions, Ferroglobe anticipates that cash flow generated from operations will be sufficient to fund its operations, including its working capital requirements, and to make the required principal and interest payments on its indebtedness during the next 12 months.

As of December 31, 2017, Ferroglobe's current assets totaled \$691,291 thousand while current liabilities totaled \$450,196 thousand, resulting in a positive working capital position of \$241,095 thousand.

### **Capital Expenditures**

Ferroglobe incurs capital expenditures in connection with expansion and productivity improvements, production plants maintenance and research and development projects. Capital expenditures are funded through cash generated from operations and financing activities. Ferroglobe's capital expenditures for the years ended December 31, 2017, 2016 and 2015 were \$74,616 thousand, \$71,119 thousand and \$68,521 thousand, respectively. Principal capital expenditures during these periods were primarily for maintenance and improvement works at Ferroglobe's plants and mines. We expect our capital expenditures for 2018 to equal approximately \$92,000 thousand, excluding any capital expenditures related to our solar grade silicon project. We believe we have the ability to reduce our capital expenditures by, as needed, idling individual electrometallurgy facilities. Additionally, we have committed to incur approximately €51,000 thousand of capital expenditures in connection with our solar grade silicon joint venture as part of an initial phase over the next two years, on top of capital expenditures of €21 million incurred in prior years. While we would expect to commit to further amounts in connection with this joint venture in the future if the project continues to subsequent phases, which is subject to agreement and approval with our joint venture partners, we have not yet committed to any expenditures with respect to further phases. Capital expenditures in connection with our solar grade silicon joint venture are financed in part by a loan obtained from the Spanish Ministry of Industry and Energy. See "Item 4.B.—Information on the Company—Business Overview—Research and Development (R&D)—Solar grade silicon" and "Item 7.B.—Major Shareholders and Related Party Transactions—Related Party Transactions." See also "—Tabular Disclosure of Contractual Obligations" for disclosure regarding future committed capital expenditures.

**Cash Flow Analysis — Year Ended December 31, 2017 Compared to Year Ended December 31, 2016**

The following table summarizes Ferroglobe's primary sources (uses) of cash for the years ended December 31, 2017 and 2016:

<b>(\$ thousands)</b>	<b>Year ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Cash and cash equivalents at beginning of period	196,982	116,666
Cash flows from operating activities	150,375	121,169
Cash flows from investing activities	(74,818)	(84,281)
Cash flows from financing activities	(113,397)	49,917
Exchange differences on cash and cash equivalents in foreign currencies	25,330	(6,489)
<b>Cash and cash equivalents at end of period</b>	<b>184,472</b>	<b>196,982</b>
<b>Cash and cash equivalents at end of period from statement of financial position</b>	<b>184,472</b>	<b>196,931</b>
<b>Cash and cash equivalents at end of period included within assets and disposal groups classified as held for sale</b>	<b>—</b>	<b>51</b>

Ferroglobe did not pay dividends during the year ended December 31, 2017 and paid \$54,988 thousand of dividends for the year ended December 31, 2016.

***Cash flows from operating activities***

Cash flows from operating activities increased \$29,206 thousand, from \$121,169 thousand for the year ended December 31, 2016, to \$150,375 thousand for the year ended December 31, 2017. The increase was due to a decrease in trade receivables of \$50,168 thousand, primarily related to our accounts receivable securitization program established in 2017, an increase in accounts payable of \$17,613 thousand, offset by an increase in inventories of \$16,274 thousand.

Other payments increased \$44,888 thousand, primarily related to an increase of \$78,727 thousand of payments to our SPV associated with the securitization program in 2017, offset by the \$32,500 thousand settlement payment in 2016 in connection with the litigation related to the Business Combination.

Income taxes paid increased \$15,831 thousand while interest increased \$9,662 thousand due to the debt instrument established in February 2018.

***Cash flows from investing activities***

Cash flows from investing activities decreased \$9,463 thousand from an outflow of \$84,281 thousand for the year ended December 31, 2016 to an outflow of \$74,818 thousand for the year ended December 31, 2017, primarily due to \$9,807 thousand of payments associated with investments in other non-current financial assets primarily related to contributions to Blue Power, a party to the Company's Solar joint venture with Aurinka in 2016 (compared to investments in other non-current financial assets of \$343 thousand in 2017). Capital expenditures for the year ended December 31, 2017 were \$74,616 thousand compared to \$71,119 thousand in 2016.

***Cash flows from financing activities***

Cash flows from financing activities decreased \$163,314 thousand from an inflow of \$49,917 thousand for the year ended December 31, 2016 to an outflow of \$113,397 thousand for the year ended December 31, 2017. This was primarily driven by the issuance of Senior Notes with a \$350,000 thousand principal, for which the proceeds were used primarily to repay existing indebtedness, including borrowings to finance investments and certain credit facilities and other loans. This was partly offset by a \$54,988 thousand dividend payment to shareholders in 2016 (nil in 2017).

**Cash Flow Analysis — Year Ended December 31, 2016 Compared to Year Ended December 31, 2015**

The following table summarizes Ferroglobe's primary sources (uses) of cash for the years ended December 31, 2016 and 2015:

(\$ thousands)	Year ended December 31,	
	2016	2015
Cash and cash equivalents at beginning of period	116,666	48,651
Cash flows from operating activities	121,169	145,449
Cash flows from investing activities	(84,281)	17,966
Cash flows from financing activities	49,917	(87,593)
Exchange differences on cash and cash equivalents in foreign currencies	(6,489)	(7,807)
<b>Cash and cash equivalents at end of period</b>	<b>196,982</b>	<b>116,666</b>
<b>Cash and cash equivalents at end of period from statement of financial position</b>	<b>196,931</b>	<b>116,666</b>
<b>Cash and cash equivalents at end of period included within assets and disposal groups classified as held for sale</b>	<b>51</b>	<b>—</b>

The following table sets forth the dividends paid by Ferroglobe for the years ended December 31, 2016, and 2015:

(\$ thousands)	Year ended December 31,	
	2016	2015
Cash dividends	54,988	21,479

***Cash flows from operating activities***

Cash flows from operating activities decreased by \$24,281 thousand, from \$145,449 thousand for the year ended December 31, 2015, to \$121,169 thousand for the year ended December 31, 2016. The decrease was due to a decrease in inventories of \$108,207 thousand, a decrease in trade receivables of \$56,297 thousand and an increase in accounts payable of \$28,572 thousand as compared to the prior year period as a result of various working capital initiatives. This was offset by the \$32,500 thousand settlement payment in connection with the litigation related to the Business Combination that was paid during the year ended December 31, 2016 and lower profits from operations as compared to the prior year period.

***Cash flows from investing activities***

Cash flows from investing activities decreased by \$102,247 thousand from an inflow of \$17,966 thousand for the year ended December 31, 2015 to an outflow of \$84,281 thousand for the year ended December 31, 2016. The decrease is primarily attributable to a cash inflow of \$77,709 thousand, which represents the cash and cash equivalents balance of Globe on the date of the Business Combination in 2015. In addition, capital expenditures increased as a result of including the full twelve months of Globe's capital expenditure of \$27,577 thousand during 2016, which was offset by an overall reduction in capital expenditures on a pro-forma basis reflecting the market conditions during 2016.

***Cash flows from financing activities***

Cash flows from financing activities increased by \$137,510 thousand from an outflow of \$87,593 thousand for the year ended December 31, 2015 to an inflow of \$49,917 thousand for the year ended December 31, 2016. The increase is mainly attributable to \$118,945 thousand of net bank borrowings during the year ended December 31, 2016 compared to \$55,390 thousand of net bank payments during the year ended December 31, 2015. The increase in net bank borrowings compared to the prior year period was to meet liquidity needs as a result of lower profits from operations. This was partly offset by a \$33,509 thousand increase in cash dividends paid to shareholders during the year ended December 31, 2016.

### **Capital resources**

Ferroglobe's core objective is to maintain a balanced and sustainable capital structure through the economic cycles of the industries in which it has a presence, while keeping the cost of capital at competitive levels so as to fund Ferroglobe's growth. In addition to cash flows from continuing operations, the Company's main sources of capital resources are its Senior Notes with an aggregate principal value of \$350,000 thousand and a multicurrency Amended Revolving Credit Facility with an aggregate principal amount of \$200,000 thousand.

Payments of dividends, distributions and advances by Ferroglobe's subsidiaries will be contingent upon their earnings and business considerations and may be limited by legal, regulatory and contractual restrictions. For instance, the repatriation of dividends from Ferroglobe's Venezuelan and Argentinean subsidiaries have been subject to certain restrictions and there is no assurance that further restrictions will not be imposed. Additionally, Ferroglobe's right to receive any assets of its subsidiaries as an equity holder of such subsidiaries, upon their liquidation or reorganization, will be effectively subordinated to the claims of such subsidiaries' creditors, including trade creditors.

The Company's debt instrument and multicurrency revolving credit facility contain certain financial covenants. Details and description of Ferroglobe's debt instrument and multicurrency revolving credit facility are described in Notes 16 and 18 of the Consolidated Financial Statements.

### **C. Research and Development, Patents and Licenses, etc.**

Ferroglobe focuses on continually developing its technology in an effort to improve its products and production processes. Our FerroAtlántica division's research and development division coordinates all the research and development activities within Ferroglobe. Ferroglobe also has cooperation agreements in place with various universities and research institutes in Spain, France and other countries around the world. For the years ended December 31, 2017, 2016 and 2015, Ferroglobe spent \$4.5 million, \$6.2 million and \$11.1 million, respectively, on research and development projects and activities.

For additional information see "Item 4.B.—Information on the Company—Business Overview—Research and Development (R&D)".

### **D. Trend Information**

We discuss in Item 5.A. above and elsewhere in this annual report, trends, uncertainties, demands, commitments or events for the year ended December 31, 2017 that we believe are reasonably likely to have a material adverse effect on our revenues, income, profitability, liquidity or capital resources or to cause the disclosed financial information not to be necessarily indicative of future operating results or financial conditions.

### **E. Off-Balance Sheet Arrangements**

We do not have any outstanding off-balance sheet arrangements.



## F. Tabular Disclosure of Contractual Obligations

The following table sets forth Ferroglobe’s contractual obligations and commercial commitments with definitive payment terms that will require significant cash outlays in the future, as of December 31, 2017.

(\$ thousands)	Total	Payments Due by Period			
		Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Long-term debt obligations	497,657	32,813	65,625	399,219	—
Capital expenditures	5,533	5,533	—	—	—
Finance leases	82,633	12,920	27,910	41,803	—
Power purchase commitments <sup>(1)</sup>	22,415	22,415	—	—	—
Purchase obligations <sup>(2)</sup>	28,467	28,076	181	210	—
Operating lease obligations	12,707	2,361	3,765	2,792	3,789
<b>Total</b>	<b>649,412</b>	<b>104,118</b>	<b>97,481</b>	<b>444,024</b>	<b>3,789</b>

- (1) Represents minimum charges that are enforceable and legally binding, and do not represent total anticipated purchases. Minimum charges requirements expire after providing one year notice of contract cancellation.
- (2) The Company has outstanding purchase obligations with suppliers for raw materials in the normal course of business. The disclosed purchase obligation amount represents commitments to suppliers that are enforceable and legally binding and do not represent total anticipated purchases of raw materials in the future.

The table above also excludes certain other obligations reflected in our consolidated balance sheet, including estimated funding for pension obligations, for which the timing of payments may vary based on changes in the fair value of pension plan assets and actuarial assumptions. We expect to contribute approximately \$1,119 thousand to our pension plans for the year ended December 31, 2018.

## G. Safe Harbor

This annual report contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act and Section 21E of the U.S. Exchange Act and as defined in the Private Securities Litigation Reform Act of 1995. See “Cautionary Statements Regarding Forward-Looking Statements.”

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### A. Directors, Senior Management and Employees

The following table lists each of our executive officers and directors, their respective ages and positions as of the date of this annual report and their respective dates of appointment. The business address of all our directors and senior

management is our business address as set forth in “Item 4.A.—Information on the Company—History and Development of the Company.”

Name	Age	Position	Date of appointment
<b>Javier López Madrid</b>	53	Director and Executive Chairman	February 5, 2015
<b>Pedro Larrea Paguaga</b>	54	Director and Chief Executive Officer	June 28, 2017
<b>Joseph Ragan</b>	56	Chief Financial Officer and Principal Accounting Officer	December 23, 2015
<b>José María Alapont</b>	67	Director	January 24, 2018
<b>Donald G. Barger, Jr.</b>	75	Director	December 23, 2015
<b>Bruce L. Crockett</b>	74	Director	December 23, 2015
<b>Stuart E. Eizenstat</b>	75	Director	December 23, 2015
<b>Manuel Garrido y Ruano</b>	52	Director	May 30, 2017
<b>Greger Hamilton</b>	51	Director	December 23, 2015
<b>Javier Monzón</b>	62	Director	December 23, 2015
<b>Pierre Vareille</b>	60	Director	October 26, 2017
<b>Juan Villar-Mir de Fuentes</b>	56	Director	December 23, 2015

Other than employment agreements between Ferroglobe and each of Javier López Madrid, Pedro Larrea Paguaga and Joseph Ragan, there are no service contracts between the officers and directors listed in the table above, on the one hand, and us or any of our subsidiaries on the other, providing for benefits upon termination of employment.

There are no family relationships between our executive officers and directors, except that Javier López Madrid is married to the sister of Juan Villar-Mir de Fuentes.

Set forth below is a brief biography of each of our executive officers and directors.

### **Javier López Madrid**

Roles at Ferroglobe:	<input type="checkbox"/> Executive Chairman (from December 31, 2016); <input type="checkbox"/> Chairman of Nominations Committee (from January 1, 2018); <input type="checkbox"/> Executive Vice-Chairman (from December 23, 2015 to December 31, 2016); <input type="checkbox"/> Director (from February 5, 2015).
Other appointments:	<input type="checkbox"/> Chief Executive Officer of Grupo VM (from 2008); <input type="checkbox"/> Member of the World Economic Forum, Group of Fifty; <input type="checkbox"/> Member of the board of directors of Fundación Juan Miguel Villar Mir and various institutions, including Patronato Fundación Principe Asturias and Fundación Codespa.
Experience:	<input type="checkbox"/> Founder and largest shareholder of Financiera Siacapital; <input type="checkbox"/> Founder of Tressis, Spain’s largest independent private bank.
Qualifications and awards:	<input type="checkbox"/> Master in Law and Business from ICADE University.

### **Pedro Larrea Paguaga**

Roles at Ferroglobe:	<input type="checkbox"/> Chief Executive Officer (from December 23, 2015); <input type="checkbox"/> Director (from June 28, 2017).
----------------------	---

Experience:	<ul style="list-style-type: none"><li>□ Chairman and CEO of FerroAtlántica (from 2012 to 2015);</li><li>□ Chief Executive Officer of FerroAtlántica (from 2011 to 2015);</li><li>□ Various executive roles at Endesa, the biggest power company in Spain and Latin America, including as Chairman and CEO of Endesa Latinoamérica, with total revenues above €8 billion and EBITDA above €3 billion (from 1996 to 2009);</li><li>□ Board director of Enersis (2007 to 2009) and Endesa Chile (1999 to 2002 and 2006 to 2007), both public Chilean companies listed on the NYSE;</li><li>□ Management consulting roles with PwC (2010 to 2011), where he led the energy sector practice in Spain, and McKinsey &amp; Company in Spain, Latin America and the United States (1989 to 1995).</li></ul>
Qualifications and awards:	<ul style="list-style-type: none"><li>□ Mining Engineering degree (MSc equivalent) from Universidad Politécnica de Madrid (graduated with honors);</li><li>□ MBA from INSEAD (awarded the Henry Ford II award for academic excellence).</li></ul>

### Joseph Ragan

Roles at Ferroglobe:	<ul style="list-style-type: none"><li>□ Chief Financial Officer and Principal Accounting Officer (from December 23, 2015).</li></ul>
Experience:	<ul style="list-style-type: none"><li>□ Chief Financial Officer at Globe (from May 2013 to December 23, 2015);</li><li>□ Chief Financial Officer for Boart Longyear, the world's largest drilling services contractor for the global mining sector, operating in more than 40 countries and selling its products in nearly 100 countries (from 2008 to 2013);</li><li>□ Prior to 2008, Chief Financial Officer for the GTSI Corporation, a leading technology solutions provider for the public sector listed on NASDAQ and various international and domestic finance positions for PSEG, The AES Corporation, and Deloitte and Touche.</li></ul>
Qualifications and awards:	<ul style="list-style-type: none"><li>□ Bachelor of Science in Accounting from The University of the State of New York;</li><li>□ Master's degree in Accounting from George Mason University;</li><li>□ Certified Public Accountant in the Commonwealth of Virginia for over 25 years.</li></ul>

### José María Alapont

Roles at Ferroglobe:	<ul style="list-style-type: none"><li>□ Non-executive director (from January 24, 2018).</li></ul>
Other appointments:	<ul style="list-style-type: none"><li>□ Member of the board of Ashok Leyland Ltd (from 2017);</li><li>□ Board director of Navistar Inc. (from 2016) where he is also Chair of the Nomination and Governance Committee and a member of the Finance Committee (from 2018);</li><li>□ Member of the board of Hinduja Investments and Project Services Ltd (from 2016);</li><li>□ Board director of Hinduja Automotive Ltd (from 2014).</li></ul>

Experience:	<ul style="list-style-type: none"><li>□ President and Chief Executive Officer of Federal-Mogul Corporation, the automotive powertrain and safety components supplier (from March 2005 to 2012), Chairman of its Board (from 2005 to 2007) and board director (from 2005 to 2013);</li><li>□ Chief Executive and a board director of Fiat Iveco, S.p.A., a leading global manufacturer of commercial trucks and other specialised vehicles (from 2003 to 2005);</li><li>□ Executive, Vice President and President positions for more than 30 years at other leading global vehicle manufacturers and suppliers such as Ford Motor Company, Delphi Corporation and Valeo S.A (prior to 2003);</li><li>□ Member of the Board of Directors of the Manitowoc Company Inc. (from 2016 to 2018);</li><li>□ Member of the Board of Directors of Mentor Graphics Corp. (from 2011 to 2012);</li><li>□ Member of the Davos World Economic Forum from 2000 to 2011.</li></ul>
Qualifications and awards:	<ul style="list-style-type: none"><li>□ Industrial Engineering degree from the Technical School of Valencia;</li><li>□ Philology degree from the University of Valencia in Spain.</li></ul>

**Donald G. Barger Jr.**

Roles at Ferroglobe:	<ul style="list-style-type: none"><li>□ Chairman of the Compensation Committee and a member of Nominations Committee (from January 1, 2018);</li><li>□ Non-executive director (from December 23, 2015);</li><li>□ Chair of the Nominating and Corporate Governance Committee and member of the Compensation Committee (from December 23, 2015 to December 31, 2017).</li></ul>
Experience:	<ul style="list-style-type: none"><li>□ Member of the Globe board of directors from December 2008 until the closing of the Business Combination and Chairman of Globe’s audit and compensation committees;</li><li>□ Successful 36-year business career in manufacturing and services companies, including:<ul style="list-style-type: none"><li>○ Vice President and Chief Financial Officer of YRC Worldwide Inc. (formerly Yellow Roadway Corporation), one of the world’s largest transportation service providers (from 2000 to 2007) and advisor to the CEO until his retirement (2007 to 2008);</li><li>○ Vice President and Chief Financial Officer of Hillenbrand Industries, a provider of services and products for the health care and funeral services industries (from 1998 to 2000);</li><li>○ Vice President of Finance and Chief Financial Officer of Worthington Industries, Inc., a diversified steel processor (from 1993 to 1998);</li><li>○ Director of the board of Gardner Denver, Inc. and a member of its audit committee for his entire 19-year tenure until the company’s sale in July 2013, He served as chair of the committee for 17 of those years;</li><li>○ Served on the board of directors of Quanex Building Products Corporation for sixteen years, retiring in February 2012. He served on its audit committee for 14 years and was its chair for most of that time;</li></ul></li><li>□ Considered a “financial expert” for SEC purposes on all the public company boards on which he has served.</li></ul>
Qualifications and awards:	<ul style="list-style-type: none"><li>□ B.S. degree from the U.S. Naval Academy</li><li>□ MBA from the University of Pennsylvania.</li></ul>

**Bruce L. Crockett**

Roles at Ferroglobe:	<input type="checkbox"/> Member of the Compensation Committee (from January 1, 2018); <input type="checkbox"/> Non-executive director and member of the Audit Committee (from December 23, 2015).
Other appointments:	<input type="checkbox"/> Chairman of the Invesco Mutual Funds Group Board of Directors and a member of its audit, investment and governance committees (from 1991 in the case of the board; 2003 as chairman; and on the board of predecessor companies from 1978); <input type="checkbox"/> Director of the board (from 2013) and audit committee chair of ALPS Property & Casualty Insurance Company (from 2014); <input type="checkbox"/> Chairman of Crockett Technologies Associates (from 1996) and a private investor; <input type="checkbox"/> Life trustee of the University of Rochester.
Experience:	<input type="checkbox"/> Member of Globe’s board of directors from April 2014 until the closing of the Business Combination and was a member of Globe’s audit committee; <input type="checkbox"/> President and Chief Executive Officer of COMSAT Corporation (from 1992 until 1996) and President and Chief Operating Officer (from 1991 to 1992). Held various other operational and financial positions at COMSAT from 1980, including Vice President and Chief Financial Officer; <input type="checkbox"/> Board director of Ace Limited (from 1995 until 2012); <input type="checkbox"/> Board director of Captaris, Inc. (from 2001 until its acquisition in 2008) and chairman (from 2003 to 2008).
Qualifications and awards:	<input type="checkbox"/> A.B. degree from the University of Rochester; <input type="checkbox"/> B.S. degree from the University of Maryland; <input type="checkbox"/> MBA from Columbia University; <input type="checkbox"/> Honorary Doctor of Law degree from the University of Maryland.

**Stuart E. Eizenstat**

Roles at Ferroglobe:	<input type="checkbox"/> Member of the Corporate Governance Committee (from January 1, 2018); <input type="checkbox"/> Non-executive director (from December 23, 2015).
Other appointments:	<input type="checkbox"/> Senior Counsel of Covington & Burling LLP in Washington, D.C. and head of its international practice (from 2001); <input type="checkbox"/> Member of the advisory boards of GML Ltd. (from 2003) and of the Office of Cherifien de Phosphates (from 2010); <input type="checkbox"/> Trustee of BlackRock Funds (from 2001).

Experience:	<ul style="list-style-type: none"><li>☐ Member of Globe’s board of directors from 2008 until the closing of the Business Combination and Chair of the Nominating Committee;</li><li>☐ Member of the board of directors of Alcatel-Lucent (from 2008 to 2016);</li><li>☐ Member of the board of directors of United Parcel Service (from 2005 to 2015);</li><li>☐ Special Adviser to Secretary of State Kerry on Holocaust-Era Issues (from 2009 to 2017);</li><li>☐ Special Representative of the President and Secretary of State on Holocaust Issues during the Clinton Administration (from 1993 to 2001);</li><li>☐ Deputy Secretary of the United States Department of the Treasury (from July 1999 to January 2001);</li><li>☐ Under Secretary of State for Economic, Business and Agricultural Affairs (from 1997 to 1999);</li><li>☐ Under Secretary of Commerce for International Trade (from 1996 to 1997);</li><li>☐ U.S. Ambassador to the European Union (from 1993 to 1996);</li><li>☐ Chief Domestic Policy Advisor in the White House to President Carter (from 1977 to 1981);</li><li>☐ Author of “Imperfect Justice: Looted Assets, Slave Labor, and the Unfinished Business of World War II”; “The Future of the Jews: How Global Forces are Impacting the Jewish People, Israel, and its Relationship with the United States” and “President Carter: The White House Years”.</li></ul>
Qualifications and awards:	<ul style="list-style-type: none"><li>☐ B.A. in Political Science, cum laude and Phi Beta Kappa, from the University of North Carolina at Chapel Hill;</li><li>☐ J.D. from Harvard Law School;</li><li>☐ Eight honorary doctorate degrees and awards from the United States, French, German, Austrian, Belgian and Israeli governments</li></ul>

**Manuel Garrido y Ruano**

Roles at Ferroglobe:	<ul style="list-style-type: none"><li>☐ Member of the Corporate Governance Committee (from January 1, 2018);</li><li>☐ Member of the Nominating and Corporate Governance Committee (from May 30, 2017 to December 31, 2017);</li><li>☐ Non-executive director (from May 30, 2017).</li></ul>
Other appointments:	<ul style="list-style-type: none"><li>☐ Chief Financial Officer of Grupo Villar Mir since 2003 and member of the board or on the steering committee of a number of its subsidiaries in the energy, financial, construction and real estate sectors;</li><li>☐ Professor of Communication and Leadership of the Graduate Management Program at CUNEF in Spain.</li></ul>
Experience:	<ul style="list-style-type: none"><li>☐ Member of the steering committee of FerroAtlántica until 2015, having previously served as its Chief Financial Officer (from 1996 to 2003);</li><li>☐ Worked with McKinsey &amp; Company from 1991 to 1996, specializing in restructuring, business development and turnaround and cost efficiency projects globally.</li></ul>
Qualifications and awards:	<ul style="list-style-type: none"><li>☐ Masters of Civil Engineering with honors from the Universidad Politecnica de Madrid;</li><li>☐ MBA from INSEAD.</li></ul>

## Greger Hamilton

Roles at Ferroglobe:	<ul style="list-style-type: none"><li><input type="checkbox"/> Chairman of the Audit Committee (from December 23, 2015);</li><li><input type="checkbox"/> Member of the Corporate Governance Committee (from January 1, 2018);</li><li><input type="checkbox"/> Member of the Compensation Committee (from December 23, 2015 to December 31, 2017);</li><li><input type="checkbox"/> Non-executive director (from December 23, 2015).</li></ul>
Other appointments:	<ul style="list-style-type: none"><li><input type="checkbox"/> Managing Partner of Ovington Financial Partners Ltd (from 2009);</li><li><input type="checkbox"/> Cofounder and director of the BrainHealth Club (from 2016).</li></ul>
Experience:	<ul style="list-style-type: none"><li><input type="checkbox"/> Partner at European Resolution Capital Partners, where he assisted in the restructuring of international banks in 16 countries (from 2009 to 2014);</li><li><input type="checkbox"/> Managing Director at Goldman Sachs International (1997 to 2008);</li><li><input type="checkbox"/> He began his career at McKinsey and Company, where he worked from 1990 to 1997.</li></ul>
Qualifications and awards:	<ul style="list-style-type: none"><li><input type="checkbox"/> B.A. in Business Economics and International Commerce from Brown University.</li></ul>

## Javier Monzón

Roles at Ferroglobe:	<ul style="list-style-type: none"><li><input type="checkbox"/> Senior Independent Director, a member of the Nominations Committee and Chairman of the Corporate Governance Committee (from January 1, 2018);</li><li><input type="checkbox"/> Chairman of the Compensation Committee and member of the Audit Committee (from December 23, 2015 to December 31, 2017);</li><li><input type="checkbox"/> Non-executive director (from December 23, 2015).</li></ul>
Other appointments:	<ul style="list-style-type: none"><li><input type="checkbox"/> Member of the Board of Directors of Promotora de Informaciones SA (PRISA) (from November 2017), Vice Chairman of the board (from February 2018) and Senior Independent Director (from April 2018). Also, chairman of the nominations, compensation and corporate governance committees;</li><li><input type="checkbox"/> Member of the board of directors of Santander Espana (from June 2015) and senior advisor to the Group Executive Chairman;</li><li><input type="checkbox"/> Member of the board of directors of 4IQ (from April 2017);</li><li><input type="checkbox"/> Board member of ACS Servicios y Concesiones, S.A. (from 2004).</li></ul>
Experience:	<ul style="list-style-type: none"><li><input type="checkbox"/> Chairman and CEO of Indra Sistemas, S.A. (from 1992 until 2015);</li><li><input type="checkbox"/> Member of the supervisory board of Lagardere (from 2008 to 2017);</li><li><input type="checkbox"/> Member of the board of ACS (from 2004 to 2017);</li><li><input type="checkbox"/> Partner at Arthur Andersen (from 1989 to 1990);</li><li><input type="checkbox"/> Chief Financial Officer of Telefonica S.A. (from 1984 to 1987) and Executive Vice President and Chairman of Telefonica International, S.A. (from 1987 to 1989);</li><li><input type="checkbox"/> He began his career at Cajamadrid, where he was a Corporate Banking Director.</li></ul> <p>Not-for profit activities include:</p> <ul style="list-style-type: none"><li><input type="checkbox"/> Chairman of the executive committee of Fundación CYD (Knowledge and Development Foundation) (from 2003);</li><li><input type="checkbox"/> Member of the board of Endeavor Spain, and of the international advisory council of Brookings (both from 2014);</li><li><input type="checkbox"/> Vice chairman of the American Chamber of Commerce in Spain (from March 2010 until January 2015);</li><li><input type="checkbox"/> Vice chairman of the board of Carlos III University (until 2017).</li></ul>

Qualifications and awards:  Degree in Economics from Universidad Complutense de Madrid.

### **Pierre Vareille**

Roles at Ferroglobe:  Member of the Audit and Compensation Committees (from January 1, 2018);  
 Non-executive director (from October 26, 2017).

Other appointments:  Lead independent director of the board and Vice Chairman and member of the audit committee of Societe BIC SA (from 2009);  
 Board director and member of the remuneration and selection committee of Etex SA (from 2017);  
 Board director and member of the audit committee of Verallia (from 2015);  
 Board director and member of the remuneration committee of Outokumpu Oyj (from 2018);  
 Founder and Co-Chairman of the Vareille Foundation (from 2014).

Experience:  Chief Executive Officer of Constellium NV (from 2012 to 2016);  
 Chairman and Chief Executive Officer of FCI SA (from 2008 to 2012);  
 Group Chief Executive of Wagon PLC (from 2004 to 2007);  
 Extensive experience in the metals and manufacturing sectors and in the management of global industrial companies.

Qualifications and awards:  Graduate of the Ecole Centrale de Paris, the French engineering school;  
 Degree in Economics and Finance from the Sorbonne University, Paris, France.

### **Juan Villar-Mir de Fuentes**

Roles at Ferroglobe:  Non-executive director (from December 23, 2015).

Other appointments:  Vice Chairman of Grupo Villar Mir, S.A.U. (from 1999);  
 Vice Chairman and CEO of Inmobiliaria Espacio, S.A.;  
 Member of the board of directors of Obrascón Huarte Lain, S.A. (from 1996) and Chairman (from 2016).

Experience:  Board director and member of the audit committee of Inmobiliaria Colonial, S.A (from June 2014 to May 2017).

Qualifications and awards:  Bachelor's Degree in Business Administration and Economics and Business Management.



**B. Compensation****Compensation of executive officers and directors**

The table below sets out the remuneration earned by our directors during the year ended December 31, 2017:

(\$ thousands)	Salary & Fees	Benefits	Pension	Annual Bonus	Long - Term Incentives	Total
<b>Executive Directors</b>						
Javier López Madrid	715,163	311,173	143,033	715,163	1,916,925	3,801,457
Pedro Larrea Paguaga(1)	612,077	281,283	122,415	612,077	1,426,625	3,054,477
<b>Non-Executive Directors</b>						
José María Alapont(2)	—	—	—	—	—	—
Donald G. Barger, Jr.	159,140	18,040	—	—	—	177,180
Bruce L. Crockett	135,301	17,500	—	—	—	152,801
Stuart E. Eizenstat	119,194	13,530	—	—	—	132,724
Tomas Garcia Madrid(3)	52,831	—	—	—	—	52,831
Manuel Garrido y Ruano(4)	70,013	8,376	—	—	—	78,389
Greger Hamilton	159,784	4,510	—	—	—	164,294
Javier Monzón	174,889	14,174	—	—	—	189,063
Pierre Vareille(5)	18,219	1,933	—	—	—	20,152
Juan Villar-Mir de Fuentes	98,577	8,376	—	—	—	106,953

The compensation disclosed in respect of Mr. Larrea Paguaga includes compensation he received as CEO prior to his appointment to the Board on June 28, 2017.

2 Mr. Alapont was appointed to the Board on January 24, 2018.

3 Mr Garcia Madrid retired from the Board on May 30, 2017.

4 Mr. Garrido y Ruano was appointed to the Board on May 30, 2017.

5 Mr. Vareille was appointed to the Board on October 26, 2017.

Javier López Madrid holds 68,541 options and Pedro Larrea Paguaga holds 51,010 options (at target performance in each case) granted on November 24, 2016. On June 1, 2017 Javier Lopez Madrid was granted 154,703 options and Pedro Larrea Paguaga was granted 115,134 options (at target performance in each case). Maximum opportunity for each award is 200% of target. The value reflected in the table above is for the number of shares vesting at target (100% of grant) at the fair value at the date of grant of \$12.39, as disclosed in Note 21 to the financial statements for the June 1, 2017 grant. All of these options were granted under the rules of the Company's Equity Incentive Plan 2016, are over ordinary shares in the capital of the Company and have a strike price of nil. The options vest and become exercisable three years from the date of grant, to the extent that performance conditions are satisfied and subject to continued service with the Company, remain exercisable until the tenth anniversary of their grant date.

**Remuneration policy**

In June 2016, our shareholders approved the remuneration policy applicable to executive directors and non-executive directors of the Company as set out in the directors' remuneration report within our U.K. annual report for the year ended December 31, 2015 (the "Policy"), as required by the UK Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The Policy was approved on June 29, 2016 and applied with effect from January 1, 2016.

The overall aim of our remuneration strategy is to provide appropriate incentives that reflect our high-performance culture and values to maximize returns for our shareholders. In summary, we aim to:

- attract, retain and motivate high-caliber, high-performing employees;

- encourage strong performance and engagement, both in the short and the long term, to enable us to achieve our strategic objectives;
- structure the total remuneration package so that a very significant proportion is linked to performance conditions measured over both the short-term and longer term;
- set fixed pay levels at or around market norms to allow for a greater proportion of total remuneration opportunity to be in variable pay; and
- create strong alignment between the interests of shareholders and executives through both the use of equity in variable incentive plans and the setting of shareholding guidelines for directors.

Consistent with this remuneration strategy, in relation to the Company's executive directors, the Policy provides, in summary, that:

- executive director salaries are set at a rate commensurate with the individual's role, responsibilities and experience, having regard to broader market rates. Salaries are reviewed annually, when Company performance, individual performance, changes in responsibility, levels of increase for the broader employee population and market salary levels will be taken into account. No maximum salary is set under the Policy;
- executive directors may receive a cash allowance in lieu of contribution to a pension, up to a maximum of 20% of base salary per annum, which may include contributions to a U.S. tax-qualified defined contribution 401(k) plan;
- executive directors may receive other market competitive benefits such as medical cover, life assurance and income protection insurance and, where appropriate, relocation allowances (with the Compensation Committee to review relocation allowances annually);
- executive directors are provided with directors' and officers' liability insurance and an indemnity to the fullest extent permitted by the UK Companies Act 2006;
- executive directors are eligible for an annual bonus, which normally has a maximum bonus opportunity of 200% of annual base salary but could have a maximum bonus opportunity of up to 500% of annual base salary in exceptional circumstances. No more than 25% of the maximum bonus payable for each performance condition will be payable for threshold performance. Any bonus award will be subject to the achievement of quantitative and qualitative performance conditions as determined by the Compensation Committee each year (at least two-thirds of the bonus will be based on financial metrics with the balance based on non-financial metrics). Normally any bonus earned in excess of the target amount will be deferred for three years into shares in the Company and the executive director may be granted an additional long-term incentive award of equal value (at maximum) to the amount of annual bonus deferred. Recovery and recoupment provisions apply to all bonus awards for misstatement, error or gross misconduct;
- executive directors are eligible to be granted an award under the Company's long-term incentive plan, at the discretion of the Compensation Committee. Any awards granted would normally vest three years after the date of grant and may, at the Compensation Committee's discretion, be subject to the achievement of performance targets. Under the Policy at least two-thirds of the total long-term incentive awards granted to an executive director in any financial year will be awards where the vesting is subject to achievement of performance targets. Considering feedback and best practice, the Committee has decided all future awards for Executive Directors will be subject to performance conditions. If an award is granted, the annual target award limit will not normally be higher than 300% of salary (save that, in recruitment, appointment and retention situations, it could be up to 500% of salary) and maximum vesting is normally 200% of target (both measures based on the face value of shares at the date of grant). Recovery and recoupment provisions apply to all long-term incentive awards for misstatement, error or gross misconduct;

- for 2016, reflecting the special nature of the challenges following the Business Combination, the Compensation Committee rebalanced the size of annual bonus and long-term incentive awards to give greater focus to the shorter term priorities of integrating the business. This was a one off arrangement and in 2017, the longer-term opportunity was greater than the short term;
- the Company has share ownership guidelines in place under which it recommends that executive directors hold a number of shares in the Company equivalent to 200% of base salary; and
- when determining the remuneration package for a new executive director, the Compensation Committee expects to apply the Policy set out above but may, in some circumstances, need to take account of other relevant factors, such as that individual's existing employment and/or their personal circumstances.

The Company's executive directors are Mr. López Madrid, who serves as Executive Chairman and Director, and receives a base salary of £555 thousand per annum, and Mr. Larrea Paguaga, who serves as Chief Executive Officer and Director, and receives a base salary of £475 thousand per annum. The salaries of Mr. López Madrid and Mr. Larrea Paguaga remained unchanged following their appointments as Executive Chairman and Director, respectively.

In relation to the Company's non-executive directors, the Policy provides, in summary, that:

- Non-executive directors are paid a basic fee. Supplementary fees are paid for additional responsibilities and activities such as membership of a main Board committee or assuming chairmanship of a committee. Travel fees may be paid to reflect additional time incurred in travelling to meetings.
- Currently, non-executive directors receive a base fee of £70 thousand per annum, with supplemental fees being payable if that non-executive director is also the senior independent director (£35 thousand per annum), a member of the Audit Committee (£17,500 per annum), a member of the Compensation Committee (£15,500 per annum), a member of the Corporate Governance Committee (£12 thousand per annum) or a Committee Chairman (two times membership fee). Non-executive directors receive a travel fee of either £3,500 (for intercontinental travel) or £1,500 (for continental travel) per meeting. Members of the Nominations Committee receive a fee of £1,500 for each meeting, with a maximum set at £10 thousand per annum. Where the Chair of the Nominations Committee is also an executive director he or she is paid no fee for their chairmanship. Non-executive director fee levels are reviewed periodically, with reference to time commitment, knowledge, experience and responsibilities of the role as well as market levels in comparable companies both in terms of size and sector. No maximum fee level or prescribed annual increase is set under the Policy;
- reasonable expenses incurred by the non-executive directors in carrying out their duties may be reimbursed by the Company including any personal tax payable by the non-executive director as a result of reimbursement of those expenses. The Company may also pay an allowance in lieu of expenses if it deems this appropriate;
- non-executive directors are provided with directors' and officers' liability insurance and an indemnity to the fullest extent permitted by the UK Companies Act 2006; and
- to provide alignment with shareholders, non-executive directors have voluntarily agreed to build and retain a shareholding worth twice their annual fees.

## **C. Board Practices**

### **Board composition and election of directors**

As of the date of this annual report, our Board of Directors consists of eleven directors, of whom two are executive directors and nine are non-executive directors. The maximum and minimum number of directors is eleven and two respectively. Subject to the approval of the Nominations Committee, the Chief Executive Officer is nominated as a director by the

Board. Of the directors, three are Grupo VM nominees, namely Javier López Madrid, Manuel Garrido y Ruano and Juan Villar Mir. The remaining non-executive directors are independent.

All directors will stand for election (in the case of the three new appointees) or re-election at the Company's annual general meeting on June 28, 2018. Any director not so elected or re-elected will stand down. Prior to December 31, 2019, the Board may not remove the Executive Chairman from office and no new executive directors may be appointed without the approval of a majority of Grupo VM nominees and a majority of independent directors.

### **Director independence**

Under the Articles of Association, as in effect since October 26, 2017, a director is considered independent if he or she is "independent" as defined in the NASDAQ rules and, while Grupo VM and its Affiliates own 10% or more of the Company's shares, is independent from Grupo VM and its Affiliates. The Board reviewed the independence of its then directors in December 2015 and concluded that each of Messrs. Barger, Crockett, Eizenstat, Hamilton and Monzón met the independence requirements of the NASDAQ rules. Messrs. Madrid, Garrido y Ruano and Villar Mir are GVM Nominees and are not considered to be independent. The independence of Messrs. Vareille and Alapont was confirmed by the Nominations Committee prior to their recommendation to the Board for appointment.

### **Certain approvals of the board of directors**

Pursuant to the Articles of Association, as in effect since October 26, 2017, the approval of certain matters by our Board of Directors requires the approval of more than a simple majority of directors present.

So long as Grupo VM or its Affiliates owns 10% or more of our outstanding shares, any transaction, agreement or arrangement between Grupo VM or any of its Affiliates or Connected Persons (as defined in the articles of association) and the Company or any of its Affiliates (or any amendment, waiver or repeal of any such transaction, agreement or arrangement) requires the approval of a majority of independent, non-conflicted directors.

Prior to December 31, 2019 the Board may not remove the Executive Chairman from office (other than for cause) and no new executive directors may be appointed without the approval of a majority of GVM Nominees and a majority of independent directors.

### **Committees of the board of directors**

During the year ended December 31, 2017, our Board of Directors had three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. On October 26, 2017, the Company's shareholders approved the adoption of the Articles. Under the Articles, the Company constituted a new Nominations Committee and the functions of the Nominating and Corporate Governance Committees were split between the new Nominations and Corporate Governance Committees of the Board with effect from January 1, 2018.

### ***Audit committee***

During the year ended December 31, 2017, our Audit Committee consisted of three directors: Messrs. Crockett, Hamilton (as Chair) and Monzón. Since January 1, 2018, the Committee members are Messrs. Hamilton, Crockett and Vareille. Mr. Hamilton serves as its Chairman and meets the requirements as an "audit committee financial expert" under the rules of the SEC and qualifies as a financially sophisticated audit committee member as required by the NASDAQ rules relating to audit committees. Our Board has determined that each of these directors satisfies the enhanced independence requirements for audit committee members required by Rule 10A-3 under the U.S. Exchange Act, and is financially literate as that phrase is used in the additional audit committee requirements of the NASDAQ rules.

Our Audit Committee has responsibility to: (1) oversee our accounting and financial reporting processes and the audits of our financial statements; (2) monitor and make recommendations to the Board regarding the auditing and integrity of our consolidated financial statements; (3) be directly responsible for the qualification, selection, retention, independence,

performance and compensation of our independent auditors, including resolution of disagreements between management and the auditors regarding financial reporting, for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for us, and have the auditors report directly to the Committee; and (4) provide oversight in respect of our internal audit and accounting and financial reporting processes. The Audit Committee meets at least four times a year. Additional meetings may occur as the Audit Committee or its chair deem advisable.

#### ***Compensation committee***

During the year ended December 31, 2017 our Compensation Committee consisted of three directors: Messrs. Barger, Hamilton and Monzón (as Chair). Since January 1, 2018, the Committee members are Messrs. Barger, Crockett and Vareille. Mr. Barger serves as its Chairman. Our Board has determined that each of these directors meets the heightened independence requirements of compensation committee members under SEC rules.

Our Compensation Committee has responsibility to: (1) evaluate and approve the compensation of our directors, executive officers and key employees; (2) oversee directly or indirectly all compensation programs involving the use of our stock; (3) produce a report annually on executive compensation for inclusion in our proxy statement for our annual meeting of shareholders; (4) produce a report annually in compliance with remuneration reporting requirements (i.e., a directors' remuneration report), in each case in accordance with applicable rules and regulations; and (5) produce, review on an ongoing basis and update as needed, a directors' remuneration policy. The Compensation Committee meets with such frequency, and at such times, and places and whether in person or electronically/telephonically as it determines is necessary to carry out its duties and responsibilities, but shall meet at least four times annually.

#### ***Nominations Committee***

Our Nominations Committee consists of three directors: Messrs. Javier López Madrid (as Chair), Donald Barger Jr. and Javier Monzón.

Our Nominations Committee has responsibility to review and provide guidance to the Board about the composition of the board as follows: (a) subject to the provisions of the Articles of Association where a different arrangement may be prescribed, identifying and recommending to the Board for nomination individuals qualified to become Board members, consistent with qualification standards and other criteria approved by the Board for selecting directors; (b) reviewing and providing guidance on the independence of nominees, consistent with applicable laws, NASDAQ requirements and the Articles of Association, and monitoring and ensuring that independent non-executive directors continue to meet these applicable independence requirements; and (c) reviewing and providing guidance on other nominating issues that the Board desires to have reviewed by the Committee.

#### ***Corporate Governance Committee***

Our Corporate Governance Committee consists of four directors: Messrs. Stuart Eizenstat, Manuel Garrido y Ruano, Greger Hamilton and Javier Monzón (as Chair).

Our Corporate Governance Committee has responsibility to review and provide guidance to the Board and respond to the Board's requests about governance related matters including: (a) reviewing and providing guidance on the organization of the Board and its committee structure; (b) reviewing and providing guidance on the self-evaluation procedures of the Board and its committees; (c) reviewing and providing guidance on a conflicts register; (d) reviewing and providing guidance on the Company's code of conduct; (e) reviewing and providing guidance on the Company's insider trading policy; (f) reviewing and providing guidance on proposed changes to the Articles; and (g) considering succession planning, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future, recommending to the Board plans for succession for both executive and non-executive directors.

#### ***Board policy***

We have adopted a Board policy which provides certain practical principles relating to (i) the functioning of the Board; and (ii) the principles under which we will undertake our core management and overall supervision tasks from our London headquarters (the “Board Policy”). Following the Business Combination, and as set out in the Board Policy, we intend to provide management and other services (including, but not limited to, administration, financial, commercial and technical services) to Globe, FerroAtlántica and any other subsidiaries from time to time.

#### D. Employees

As of December 31, 2017, 2016 and 2015, on a consolidated basis, the number of employees was 3,775, 4,018 and 4,543, respectively, excluding temporary employees. We believe our relations with our employees are good and we have not experienced any significant labor disputes or work stoppages.

The following tables show the number of our full-time employees as of December 31, 2017, 2016 and 2015 on a consolidated basis broken down based on business segment and geographical location:

	2017	2016	2015
North America	1,146	963	1,063
Spain	900	880	873
France	1,040	1,025	1,017
South Africa	486	718	776
Rest of the world	203	432	814
<b>Total number of employees</b>	<b>3,775</b>	<b>4,018</b>	<b>4,543</b>

A majority of employees are affiliated with labor unions and collective bargaining agreements have been entered into in Spain, France, South Africa, the United States and Venezuela. We have experienced union activity and strikes in the past. For example, in 2014, there was a strike at our South African subsidiary that reduced production for seven days. Additionally, we have also experienced employee strikes in France from time to time. In 2017, there were two one-day strikes at one of our Spanish plants (Cee) without any significant impact on production volume. See “Item 3.D.—Key Information—Risk Factors—We are subject to the risk of union disputes and work stoppages at our facilities, which could have a material adverse effect on our business.”

In Spain, employees at our Cee, Boo, Monzón, Sabón and Madrid facilities work under site-particular collective bargaining agreements that expired on December 31, 2015. Mine employees in Spain work under union contracts. Two of our companies operate in Spain: Cuarzos Industriales S.A.U., whose collective bargaining agreement expired on December 31, 2016, and Rocas, Arcillas y Minerales S.A. whose agreement expired on December 31, 2015. Until new collective bargaining agreements are agreed for the facilities and the mines, the expired agreements remain effective, except for those provisions which explicitly are only valid during the period between the start and the expiry date. For example, the provisions relating to salary increases are no longer effective beyond the expiry dates (i.e., most of the staff have not received any salary increases after the expiry date of the site bargaining collective agreement applicable to them). Our research and development employees based in Sabón and employed by FerroAtlántica I + D have no specific collective bargaining agreement, being governed by that in force for the rest of the Sabón plant.

To improve the structure of our labor relations, a national collective agreement (“NCA”) was entered into in Spain on February 2, 2018 with four out of the five trade unions representing over 70% of our workforce there. This NCA regulates matters such as wage increases, annual working time, professional training, gender equality and disciplinary action and will be rolled out at Cee, Boo, Monzón, Sabón and Madrid and the mines in Spain, where it will operate in conjunction with the relevant site-specific collective bargaining agreement. The future salary increases set out in the NCA will come into effect on execution of the relevant site-specific agreement and be applied retroactively from January 1, 2018. The Sabón site entered into a new site-particular agreement on March 20, 2018 and the other sites have made good progress in their negotiations, with preliminary agreement reached at the mines and in relation to the center of Boo during March 2018.

The collective bargaining agreement for Silicio Ferrosolar expired on December 31, 2017, and, as of the date of this report, the negotiations to renew it have not yet started.

In France, all employees at FerroPem, S.A.S. plants at Anglefort, Chateau-Feuillet, Les Clavaux, Laudun, Montricher, and Pierrefitte and the Chambéry offices are covered by the French national Collective Chemistry Agreement. This agreement has no expiration date. The d'accord intéressement, which is an employee incentive bonus scheme whereby an incentive bonus is distributed according to a profit-sharing formula defined in the agreement, was signed on June 7, 2016 and the accord de participation, which is a compulsory profit-sharing agreement under French law, was signed on December 13, 2017.

Employees at Ferroglobe Manganèse France are also covered by the French national Collective Chemistry Agreement. An accord d'intéressement had been signed at the beginning of 2015 and covered the three years from January 1, 2016. A similar agreement for the years 2018 to 2020 has been negotiated and was concluded with the trade union representatives in March 2018. Local employees also benefit from an individual bonus scheme and from the compulsory profit-sharing agreement (accord de participation) signed in 2004.

At Ferroglobe Mangan Norge AS ("FMN"), four trade union are represented among the employees. There is a collective bargaining agreement in place with Industri Energi, the main trade union for operators, of which all operators except two individuals are members. This agreement is due for renegotiation in May 2018 and negotiations are ongoing on this. The remaining trade unions represented at FMN are Tekna (an engineers union), FLT (a supervisors union) and Handel & Kontor (an office clerks union).

In South Africa, the hourly paid employees at Polokwane and Emalahleni work under a collective bargaining agreement which will expire on June 30, 2018. Negotiations for the new agreement for both plants will commence in May 2018.

The collective bargaining agreement for Thaba Cheue Mining, also in South Africa, expired on March 30, 2018. A new agreement is under negotiation.

Hourly employees at the Selma, Alabama facility are covered by a collective bargaining agreement with the Industrial Division of the Communications Workers of America under a contract that expired on April 30, 2018. Hourly employees at the Alloy, West Virginia, Niagara Falls, New York and Bridgeport, Alabama facilities are covered by collective bargaining agreements with The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union under contracts running through March 20, 2022, July 31, 2018, and March 31, 2018, respectively. Union employees in Argentina work under a contract running through April 30, 2018, the terms of which will remain in place until the Argentine government ratifies a new agreement. Operations in Poland are not unionized. Union employees at the Bécancour plant in Québec are covered by a Union Certification held by CEP, Local 184. The corresponding collective bargaining agreement at the Bécancour facility runs through April 30, 2021, following negotiations completed in 2017.

In the People's Republic of China ("PRC"), at our Yonvey plant, where operations were restarted in 2017, there is a labor union committee, supervised by the local labor union and required by it to enter into annual agreements on matters such as collective representation, collective salary negotiation and the protection of women's rights. The collective salary agreement in force at Yonvey will remain in effect until August 2018, when it is expected to be renewed. Labor dues at Yonvey have been paid by reference to actual headcount at the site.

At our Mangshi facility in PRC, the collective agreement in force expired in March 2016 and has not been renewed as the plant is not currently operative.

**E. Share Ownership**

The following table and accompanying footnotes show information regarding the beneficial ownership of our shares as of April 27, 2018 by:

- each named executive officer;
- each of our directors; and
- all executive officers and directors as a group.

Shares that may be acquired by an individual or group within 60 days of April 27, 2018, pursuant to the exercise of options, are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table.

	Number of Shares Beneficially Owned	Percentage of Outstanding Shares
<b>Directors and Executive Officers:</b>		
Javier López Madrid	30,000	*
Pedro Larrea Paguaga	25,000	*
Joseph Ragan	25,300	*
José María Alapont	15,000	*
Donald G. Barger, Jr.(1)	45,862	*
Bruce L. Crockett(2)	32,226	*
Stuart E. Eizenstat(3)	35,988	*
Manuel Garrido y Ruano	870	*
Greger Hamilton	5,425	*
Javier Monzón	19,400	*
Juan Villar-Mir de Fuentes	—	—
Pierre Vareille	20,000	*
<b>Directors and Executive Officers as a Group</b>	<b>255,071</b>	<b>*</b>

\* Less than one percent (1%).

- (1) Includes 26,226 shares issuable upon exercise of options over ordinary shares within 60 days of April 27, 2018. The strike price for these options is (i) \$18.31 for 12,500 options granted on February 19, 2014 and expiring on February 19, 2019; (ii) \$19.44 for 7,500 options granted on February 24, 2014 and expiring February 24, 2019; (iii) \$20.54 for 5,000 options granted on March 6, 2014 and expiring on March 6, 2019; and (iv) \$20.58 for 1,226 options granted on July 8, 2014 and expiring on July 8, 2019.
- (2) Includes 26,226 shares issuable upon exercise of options over ordinary shares within 60 days of April 27, 2018. The strike price for these options is \$20.58 for 1,226 options granted on July 8, 2014 and expiring on July 8, 2019 and \$16.70 for 25,000 options granted on February 27, 2015 and expiring on February 27, 2020.
- (3) Includes 26,226 shares issuable upon exercise of options over ordinary shares within 60 days of April 27, 2018. The strike price for these options is \$20.58 for 1,226 options granted on July 8, 2014 and expiring on July 8, 2019 and \$21.34 for 25,000 options granted on March 19, 2014 and expiring on March 19, 2019.

The options referred to in notes (1) to (3) above were issued under the Globe 2006 Employee, Director and Consultant Stock Plan and were adopted by the Company under the Business Combination. In 2016, the Company adopted the Ferroglobe PLC Equity Incentive Plan (EIP) under which awards may be made to selected employees of the Company. Awards under the EIP have been made to members of senior management, including to Mr. López Madrid and Mr. Larrea Paguaga on the terms set out in “– Compensation” above.



**ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS****A. Major Shareholders**

The following table sets forth certain information regarding beneficial ownership of shares by each stockholder known by us to be the beneficial owner of more than 5% of our shares.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Percentage of ownership is based on 171,976,731 shares outstanding on April 27, 2018.

	Number of Shares Beneficially Owned	Percentage of Outstanding Shares
Grupo Villar Mir, S.A.U.	91,125,521	53.0 %

As reported on Schedule 13G, filed on February 19, 2016, Adage Capital Partners, L.P., Adage Capital Partners GP, L.L.C. and Adage Capital Advisors, L.L.C. (together, the “Adage Entities”) beneficially owned 8,920,075 shares of the Company, constituting 5.2% of the then outstanding shares. As reported on Schedule 13G/A, filed on February 9, 2017, the Adage Entities beneficially owned 7,687,487 shares of the Company, constituting 4.5% of the then outstanding shares. As reported on Schedule 13G, filed on April 23, 2018, the Adage Entities beneficially owned 8,928,342 shares of the Company, constituting 5.2% of the then outstanding shares.

As reported on Schedule 13G, filed on February 16, 2016, Alan Kestenbaum beneficially owned 8,840,938 shares of the Company, constituting 5.1% of the then outstanding shares. As reported on Schedule 13G/A, filed on February 14, 2017, Alan Kestenbaum beneficially owned 6,502,363 shares of the Company, constituting 3.8% of the then outstanding shares.

The Company’s shareholders do not have different voting rights.

As of April 27, 2018, Ferroglobe had four record holders in the United States, holding all of our outstanding shares.

**B. Related Party Transactions**

The following includes a summary of material transactions since February 5, 2015, when we were formed, to which we have been a party, January 1, 2015 to which Globe has been a party and January 1, 2015 to which FerroAtlántica has been a party, with any: (i) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, us, Globe or FerroAtlántica, as applicable, (ii) associates, (iii) individuals owning, directly or indirectly, an interest in the voting power of the Company, Globe, or FerroAtlántica, as applicable, that gives them significant influence over us, Globe or FerroAtlántica, as applicable, and close members of any such individual’s family, (iv) key management personnel, including directors and senior management of companies and close members of such individuals’ families or (v) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (iii) or (iv) or over which such person is able to exercise significant influence.

**Grupo VM shareholder agreement**

On November 21, 2017, we entered into an amended and restated shareholder agreement with Grupo VM (the “Grupo VM Shareholder Agreement”), as amended on January 23, 2018, that contains various rights and obligations with respect to Grupo VM’s Ordinary Shares, including in relation to the appointment of directors and dealings in the Company’s shares. It sets out a maximum number of directors (the “Maximum Number”) designated by Grupo VM (each, a “Grupo VM Director”) dependent on the percentage of share capital in the Company held by Grupo VM. The Maximum Number is three, if Grupo VM’s percentage of the Company’s shares is greater than 25%; two if the percentage is greater than 15% but less than 25%; and one if the percentage is greater than 10% but less than 15%. As at the date of the Grupo VM Shareholder Agreement, the Board of Directors of the Company has three Grupo VM Directors.

Under the Grupo VM Shareholder Agreement, Grupo VM has the right to submit the names of one or more director candidates (a “Grupo VM Nominee”) to the Nominations Committee for consideration to be nominated or appointed as a director as long as it holds 10% or more of Company’s shares. If the Nominations Committee does not recommend a Grupo VM Nominee for nomination or appointment or if the requisite approval of the board of directors is not obtained in accordance with the Articles, Grupo VM shall, in good faith, and as promptly as possible but in all cases within thirty days, submit the names of one or more additional (but not the same) Grupo VM Nominees for approval. Grupo VM shall continue to submit the names of additional (but not the same) Grupo VM Nominees until such time as the favorable recommendation of the Nominations Committee and requisite approval of the board of directors are obtained. On December 23, 2015, Grupo VM designated Javier López Madrid to serve as the Executive Vice-Chairman of the Board in connection with the closing of the Business Combination. Upon the resignation of Alan Kestenbaum as Executive Chairman of the Board, Mr. López Madrid was appointed as Executive Chairman of the Board effective December 31, 2016. Mr. López Madrid is also the Chairman of the Nominations Committee.

The Board of Directors are prohibited from filling a vacancy created by the death, resignation, removal or failure to win re-election of a Grupo VM Director other than with a Grupo VM Nominee. Grupo VM shall have the right to submit a Grupo VM Nominee for appointment to fill a casual vacancy only if the casual vacancy was created by the death, resignation, removal or failure to win re-election of a Grupo VM Director. Grupo VM does not have the right to submit a Grupo VM Nominee for appointment to fill a casual vacancy if the number of Grupo VM Directors equals or exceeds the Maximum Number. In connection with any meeting of shareholders to elect directors, the number of Grupo VM Nominees in the slate of nominees recommended by the Board of Directors must not exceed the Maximum Number.

Subject to certain exceptions, Grupo VM has preemptive rights to subscribe for up to its proportionate share of any shares issued in connection with any primary offerings. The Grupo VM Shareholder Agreement (i) also restricts the ability of Grupo VM and its affiliates to acquire additional shares and (ii) contains a standstill provision that limits certain proposals and other actions that can be taken by Grupo VM or its affiliates with respect to the Company, in each case, subject to certain exceptions, including prior Board approval. The Grupo VM Shareholder Agreement also restricts the manner by which, and persons to whom, Grupo VM or its affiliates may transfer shares. On February 3, 2016, during an in person meeting of our Board, the Board approved the purchase of up to 1% of the shares by Javier López Madrid in the open market pursuant to Section 5.01(b)(vi) of the Grupo VM Shareholder Agreement (“JLM Shares”).

The Grupo VM Shareholder Agreement will terminate on the first date on which Grupo VM and its affiliates hold less than 10% of the outstanding Shares.

#### **AK shareholder agreement**

On December 23, 2015, we entered into a separate shareholder agreement with Mr. Kestenbaum and certain of his affiliates (the “AK Shareholder Agreement”) that contained various rights and obligations with respect to their shares. Pursuant to the AK Shareholder Agreement, Mr. Kestenbaum was appointed as Executive Chairman of the Board on December 23, 2015 in connection with the closing of the Business Combination. Mr. Kestenbaum resigned as Executive Chairman of the Ferroglobe Board of Directors, effective December 31, 2016.

Under the AK Shareholder Agreement, except with respect to a contested election for directors (other than Grupo VM director nominees), that occurs after the fifth anniversary of the closing of the Business Combination, so long as Mr. Kestenbaum and his affiliates own at least 1% of the total issued and outstanding shares, Mr. Kestenbaum and his affiliates are obliged to vote their shares to cause the election or reelection, as applicable, of the Grupo VM Nominees and the other persons nominated by the Board for election of directors. In the case of a contested election for directors that occurs from and after the fifth anniversary of the closing of the Business Combination, Mr. Kestenbaum and his affiliates may vote their shares with respect to the election of directors (other than the Grupo VM Nominees) in any manner with respect to such contested election for directors. Mr. Kestenbaum and his affiliates must always vote in favor of the Grupo VM Nominees.

The AK Shareholder Agreement also provides that Mr. Kestenbaum will enter into a “gain recognition agreement” with the IRS if he is treated as a “five-percent transferee shareholder” of the Company following the Business Combination,

and will enter into subsequent “gain recognition agreements” with respect to actions or transactions taken by the Company or its affiliates, as required under applicable law.

The AK Shareholder Agreement will terminate upon the aggregate total issued and outstanding shares owned by Mr. Kestenbaum and his affiliates falling below 1%; provided that the tax covenants and indemnification obligation will survive until such time as set forth in the AK Shareholder Agreement.

### **Registration rights agreement**

On December 23, 2015, we entered into a registration rights agreement with Grupo VM and Mr. Kestenbaum pursuant to which we will grant certain registration rights to each of Grupo VM and Mr. Kestenbaum.

### **Agreements with executive officers and key employees**

We have entered into agreements with our executive officers and key employees. See “Item 6.A.—Directors, Senior Management and Employees—Directors, Senior Management and Employees.”

### **VM Energía and Energya VM**

VM Energía, a Spanish company wholly-owned by Grupo VM, has provided strategic advisory services on the day-to-day operations of FerroAtlántica Group’s hydroelectric plants under two contracts entered into in April 2013 with each of FerroAtlántica and Hidro Nitro Española. VM Energía’s services under these contracts included the provision of advisory services in relation to any economic, technical and administrative aspect of FerroAtlántica Group’s energy operations, the preparation of periodic reports assessing the main risks associated with the energy market and analyzing the performance of each hydroelectric power plant, the provision of advisory services in connection with changes in the applicable energy regulatory framework and related assistance in dealing with the competent energy authorities. For these services FerroAtlántica and Hidro Nitro Española paid VM Energía a monthly remuneration calculated as a percentage of the revenues made each month by FerroAtlántica Group’s hydroelectric power plants. For the fiscal years ended December 31, 2017, 2016 and 2015, FerroAtlántica and Hidro Nitro Española made transactions under these contracts to VM Energía of \$2,435 thousand, \$2,880 thousand and \$3,784 thousand, respectively. The contracts had five-year terms and expired on January 1, 2018. An agreement has been entered into between FerroAtlántica and VM Energía as of January 2018 for the provision of technical, economic and regulatory advisory services in respect of the Galician hydro-power assets for a twelve month term, renewing annually for up to 36 months. VM Energía is not legally deemed to be a direct or indirect operator of the hydroelectric power plants owned by FerroAtlántica Group in spite of the services provided to FerroAtlántica Group under these strategic advisory services agreements.

Under an agreement made on March 10, 2014 between FerroAtlántica and VM Energía, VM Energía provides FerroAtlántica with advisory services in connection with the construction in Galicia, Spain of hydro-power plants. The construction of these assets was completed in March 2018 and VM Energía continue to provide services during a two-year warranty period running into 2020. For the fiscal years ended December 31, 2017, 2016 and 2015, FerroAtlántica’s obligations to make payments to VM Energía under this agreement amounted to \$265 thousand, \$221 thousand and \$238 thousand, respectively

Under contracts entered into with FerroAtlántica on June 22, 2010 and December 29, 2010, and with Hidro Nitro Española on December 27, 2012, VM Energía supplies the energy needs of the Boo, Sabón and Monzón electrometallurgy facilities, as a broker for FerroAtlántica and Hidro Nitro Española in the wholesale power market. The contracts allow FerroAtlántica and Hidro Nitro Española to buy energy from the grid at market conditions without incurring costs normally associated with operating in the complex wholesale power market, as well as to apply for fixed price arrangements in advance from VM Energía, based on the energy markets for the power, period and profile applied for. The contracts have a term of one year, which can be extended by the mutual consent of the parties to the contract. The contracts were renewed in January 2018 and will expire on December 31, 2018, unless extended. FerroAtlántica pays VM Energía a service charge in addition to paying for the cost of energy purchase from the market. For the fiscal years ended December 31, 2017, 2016 and 2015, FerroAtlántica’s and Hidro Nitro Española’s obligations to make payments to VM Energía under their respective

agreements - for the purchase of energy plus the service charge - amounted to \$94,049 thousand, \$69,0834 thousand and \$85,511 thousand, respectively. These contracts are similar to contracts FerroAtlántica signs with other third-party brokers. Deposit guarantees of \$1,129 thousand on each have been provided to VM Energía in respect of the provision of energy to the Boo and Sabon facilities under agreements entered into on October 20, 2010 in the case of Boo and January 19, 2011 in the case of Sabon. FerroAtlántica has also entered into an energy swap agreement with Energía VM Generación, S.L. (“Energía VM”), a Spanish company wholly-owned by VM Energía, in connection with the energy supply agreements for the plants, dated January 18, 2018. A similar agreement dated January 25, 2016 has expired in 2016.

Under contracts entered into with Rocas, Arcillas y Minerales SA (“RAMSA”) on December 3, 2010 and with Cuarzos Industriales SA (“CISA”) on April 27, 2012, VM Energía supplies the energy needs of the mining facilities operated by those companies, as a broker for RAMSA and CISA in the wholesale power market. RAMSA and CISA are both subsidiaries of the Company operating in the mining sector. For the fiscal years ended December 31, 2017, 2016 and 2015, RAMSA’s obligations to make payments to VM Energía under this agreement amounted to \$371 thousand, \$297 thousand and \$341 thousand, respectively; and CISA’s obligations to make payments to VM Energía under this agreement amounted to \$256 thousand, \$227 thousand and \$245 thousand, respectively.

Additionally, for the fiscal year ended December 31, 2017, VM Energía invoiced other subsidiaries of FerroAtlántica Group for a total amount of \$32 thousand. No additional sums were invoiced in the fiscal years to December 31, 2016 or 2015.

Under contracts dated June 30, 2012, Energía VM arranged for the sale of energy produced by FerroAtlántica and Hidro Nitro Española’s hydroelectric plants. Pursuant to the contracts, Energía VM provided energy market brokerage services and represented the FerroAtlántica Group subsidiaries before the applicable energy market operator, the system operator and the Spanish National Markets and Competition Commission. FerroAtlántica and Hidro Nitro Española paid Energía VM a monthly remuneration calculated as a percentage of the sales made each month by their hydroelectric power plants. These contracts came to an end in 2017 and have not been renewed. In January 2018, control and representation contracts were entered into between FerroAtlántica and Energía VM, under which Energía VM represents FerroAtlántica in delivering energy from FerroAtlántica’s hydro plants to the energy markets in the period to 2020. For the fiscal years ended December 31, 2017, 2016 and 2015, Hidro Nitro Española invoiced to Energía VM for the sales made by its hydroelectric plant for a total amount of \$7,419 thousand, \$5,154 thousand and \$6,686 thousand, respectively and FerroAtlántica invoiced to Energía VM for the sales made by its hydroelectric plant for a total amount of \$9,803 thousand, \$15,398 thousand and \$22,194 thousand, respectively.

For the fiscal years ended December 31, 2017, 2016 and 2015, Hidro Nitro Española’s obligations to make payments to Energía VM under these agreements amounted to \$111 thousand, \$110 thousand and \$166 thousand, respectively and FerroAtlántica’s obligations to make payments to Energía VM under these agreements amounted to \$114 thousand, \$391 thousand and \$474 thousand, respectively.

#### **Espacio Information Technology, S.A.**

Espacio Information Technology, S.A. (“Espacio I.T.”), a Spanish company wholly-owned by Grupo VM, provides information technology and data processing services to Ferroglobe PLC and certain FerroAtlántica Group subsidiaries: FerroAtlántica, FerroAtlántica de Mexico, Silicon Smelters (Pty.), Ltd. and FerroPem, S.A.S. pursuant to several contracts.

Under a contract entered into on January 1, 2004, Espacio I.T. provides FerroAtlántica with information processing, data management, data security, communications, systems control and customer support services. The contract has a one-year term, subject to automatic yearly renewal, unless terminated with notice provided three months prior to the scheduled renewal. The base yearly amount due under the contract for these services is \$607 thousand, exclusive of VAT and subject to inflation adjustment. For the fiscal years ended December 31, 2017, 2016 and 2015, FerroAtlántica’s obligations to make payments to Espacio I.T. under this agreement amounted to \$889 thousand, \$680 thousand and \$939 thousand, respectively.

Under a contract entered into on January 1, 2006, Espacio I.T. provides FerroPem, S.A.S. with information processing, data management, data security, communications, systems control and customer support services. The contract has a one-year term, subject to automatic yearly renewal, unless terminated with notice provided three months prior to the scheduled renewal. The base yearly amount due under the contract for these services is \$781 thousand, exclusive of VAT and subject to inflation adjustment. For the fiscal years ended December 31, 2017, 2016 and 2015, FerroPem, S.A.S. made obligations to make payments to Espacio I.T. under this agreement amounted to \$911 thousand, \$936 thousand and \$861 thousand, respectively.

Under a contract entered into on June 26, 2014, Espacio I.T. provides FerroAtlántica de Mexico with information processing, data management, data security, communications, systems control and customer support services. The contract has a two-year term, subject to automatic renewal every two years, unless terminated with notice six months prior to the scheduled renewal. The base yearly amount due under the contract for these services is \$21 thousand, exclusive of VAT and subject to inflation adjustment and adjustment based on the level of production of the previous year. From the date of effectiveness of the contract in July 2014 through December 31, 2014, FerroAtlántica de Mexico made payments to Espacio I.T. of \$5 thousand. For the fiscal years ended December 31, 2017, 2016 and 2015, FerroAtlántica de Mexico's obligations to make payments to Espacio I.T. under this agreement amounted to \$19 thousand, \$18 thousand and \$18 thousand, respectively.

Under a contract entered into on January 1, 2009, Espacio I.T. provides Silicon Smelters (Pty.), Ltd. with services including the maintenance and monitoring of the company's network, servers, applications, and user workstations, as well as standard software licenses. The contract has a one-year term, subject to automatic yearly renewal, unless terminated with notice three months prior to the scheduled renewal. The base yearly amount due under the contract is \$265 thousand, subject to inflation adjustment. For the fiscal years ended December 31, 2017, 2016 and 2015, Silicon Smelters (Pty.), Ltd.'s obligations to make payments to Espacio I.T. under this agreement amounted to \$295 thousand, \$262 thousand and \$243 thousand, respectively.

Under a contract entered into on May 2, 2016, Espacio I.T. provides the Company with services including the maintenance and monitoring of its network, servers, applications, and user workstations, as well as standard software licenses at Quebec Silicon. The contract has a one-year term, subject to automatic yearly renewal, unless terminated with notice three months prior to the scheduled renewal. The base yearly amount due under the contract is \$169 thousand, subject to inflation adjustment. For the fiscal years ended December 31, 2017, payments made under this contract to Espacio I.T. were \$113 thousand.

Espacio I.T. also provides development services to Grupo FerroAtlántica under a contract dated July 21, 2017 for enhancements to Gesindus, FerroAtlántica's ERP system, and hosting services in connection with the company's document management system under a contract dated February 22, 2017, both on an ongoing basis. FerroAtlántica made payments to Espacio I.T. under the former contract for the Gesindus development services for the fiscal year ended December 31, 2017 of \$131 thousand and under the latter contract for the hosting services for the fiscal year ended December 31, 2017 of \$205 thousand.

Under a contract dated November 23, 2015 Espacio I.T. provided development services to FerroAtlántica for separate enhancements to Gesindus. For the fiscal year ended December 31, 2016, FerroAtlántica and Grupo FerroAtlántica were invoiced \$531 thousand for these services and, for the fiscal year ended December 31, 2017, FerroAtlántica paid Espacio IT \$182 thousand, for these services which are now terminated. Since September 2016, Espacio I.T. has procured for FerroAtlántica and managed its individual user and server licenses from Microsoft, on preferential terms and without charging any commission or mark-up in cost. There is no contract currently in place in relation to these arrangements and the amounts invoiced in connection with this arrangement in the fiscal years ended December 31, 2017 and 2016 are \$326 thousand and \$320 thousand, respectively. Espacio I.T. also provides FerroAtlántica with IT outsourcing services in connection with the Mangshi facility in China and provides Hidro Nitro Española with IT services, for neither of which is there a formal contract yet in place. The amounts invoiced in connection with these services for the fiscal years ended December 31, 2017, 2016 and 2015 were \$88 thousand, \$171 thousand and \$172 thousand, respectively paid by Grupo FerroAtlántica and \$224 thousand, \$224 thousand and \$216 thousand, respectively paid by Hidro Nitro Española.

For the fiscal years ended December 31, 2017, 2016 and 2015, Espacio I.T. invoiced other subsidiaries of FerroAtlántica and Ferroglobe PLC in a total amount of \$534 thousand, \$1,505 thousand and \$392 thousand, respectively.

In April 2016, the Ferroglobe Board approved a proposal to obtain certain information technology services from Espacio I.T., for a minimum term of five years, at an annual base payment of \$360 thousand and requiring an initial investment of \$1.7 million during 2016. While the project to which these services relate may proceed at a later date, the timeline for the procurement of these services has not been established and the investment not yet been made. No payments have been made to Espacio I.T. during 2017 in relation to these proposed arrangements.

#### **Other agreements with Grupo VM**

Under the terms of a loan agreement entered into on 24 July 2015 between Grupo FerroAtlántica and Inmobiliaria Espacio, S.A. (“IESA”), the ultimate parent of Grupo VM, Grupo FerroAtlántica extended to IESA a credit line for treasury purposes of up to \$20 million, of which \$2.9 million (the “Loan”) remains outstanding. The credit line runs year on year for a maximum period of 10 years and amounts outstanding under it (including the Loan) bear interest annually at the rate equal to the EURIBOR three month rate plus 2.75 percentage points. The availability of the credit line may be cancelled at the end of any year or at any time by IESA.

In 2017, FerroAtlántica received the payment of \$6.3 million in discharge of the consideration due from Grupo VM in respect of Grupo VM’s purchase of 2,497 shares in Alloys International Limited, a former subsidiary of FerroAtlántica, under and in accordance with the terms of a share sale and purchase agreement entered into June 30, 2016.

Calatrava RE, a Luxembourg affiliate of Grupo VM, is a reinsurer of the Company’s marine and property insurance and was reinsurer of its third party liability insurance until April 2018. The property insurance is arranged through Mapfre Global, with whom the Company contracts for the provision of this insurance. Marine insurance is arranged through HDI, with whom the Company contracts for the provision of this insurance. In the period to April 2018, Calatrava RE was a reinsurer of the Company’s third party liability insurance, arranged through QBE, with whom the Company contracted for the provision of this insurance. In April 2018, the Company moved to another insurer for its third party liability cover globally. There are no contracts in place directly between the Company and Calatrava RE in relation to these insurances.

On April 2, 2012 FerroAtlántica entered into a lease agreement with Torre Espacio Castellano S.A (“Torres Espacio”), then a Grupo VM company, of the office premises occupied by FerroAtlántica on the 45<sup>th</sup> floor of the Torre Espacio building in Madrid. This lease runs until 2023 and the rent payable under it is \$507 thousand per annum. On August 9, 2007, FerroAtlántica entered into a lease agreement with Torre Espacio of the office premises on the 49<sup>th</sup> floor of the Torre Espacio building in Madrid and parking facilities occupied or used by FerroAtlántica there. This lease runs until 2023 and the rent payable under it is \$1,056 thousand per annum. The whole of Grupo VM’s interest in Torre Espacio Castellano S.A was sold to a third party in 2015. Torres Espacio Gestión SLU, a wholly owned subsidiary of Grupo VM, manages the premises which are the subject of the leases on behalf of Torres Espacio, including collecting rents and other payments under the terms of the leases from FerroAtlántica on behalf of Torres Espacio.

#### **Aurinka and the Solar JV**

Javier López Madrid, a current member of the Board currently owns approximately 100% of the outstanding share capital of Financiera Siacapital which, in turn, holds a 31.33% interest in Blue Power. Blue Power is a party to the Solar joint venture entered into with Aurinka. It also owns certain intellectual property being contributed to the joint venture and will provide certain technology consulting services to it, as summarized below. The remaining equity interests in Blue Power are owned by third party outside investors.

In 2016, Grupo FerroAtlántica entered into a project with Aurinka for a feasibility study and basic engineering for a UMG solar silicon manufacturing plant. Purchases under this project were approximately \$3.4 million for 2016.

On December 20, 2016, Grupo FerroAtlántica S.A.U. and its wholly owned subsidiaries, FerroAtlántica, S.A., and Silicio Ferrosolar, S.L.U. (“SFS”), entered into the Solar JV Agreement with Blue Power and Aurinka providing for the formation

and operation of a joint venture with the purpose of producing UMG solar silicon. The entry into the joint venture pursuant to the Solar JV Agreement was subject to certain conditions precedent, including the satisfactory completion of an *ex-ante* verification procedure in relation to the ability of the technology to be contributed to the joint venture by Blue Power to meet certain technical and cost parameters and the authorization of the joint venture by Ferroglobe PLC, Blue Power and Aurinka's management bodies. All these conditions precedent were met during 2017 and the Solar JV Agreement is now fully binding.

Under the Solar JV Agreement, FerroAtlántica indirectly owns 75% of the operating companies formed as part of the joint venture, one of which ("OpCo") owns certain assets comprising, among others, constructions at Sabón and a UMG solar silicon plant at Puertollano, Spain. FerroAtlántica also owns 51% of the company formed as part of the joint venture to hold certain intellectual property rights and know-how contributed by Blue Power and FerroAtlántica, which licenses such intellectual property rights and know-how to OpCo. Pursuant to the Solar JV Agreement, FerroAtlántica and other subsidiaries will incur capital expenditures, subject to the approval of the joint venture board, in connection with the joint venture of up to a maximum of \$133,000 thousand over an initial phase of up to 2 years. During 2017, FerroAtlántica and other subsidiaries invested \$3,611 thousand in the project. Further investment in the joint venture will be determined as the joint venture progresses. In connection with the Solar JV Agreement, FerroAtlántica has obtained a loan of approximately \$50,000 thousand from the Spanish Ministry of Industry and Energy for the purpose of building and operating the UMG solar silicon plant. On September 25, 2017 OpCo entered into an agreement with Caiz Salceda SLU ("Salceda"), a company ultimately owned by members of the Villar Mir family (who are related to Javier Lopez Madrid by marriage), under which Salceda agrees to construct on its land and lease to the OpCo and to operate and maintain for a term of 25 years a pilot plant for power generation from photovoltaic panels produced with UMG solar silicon, in return for ownership of all power generated at the plant. On June 13, 2016, SFS entered into a loan agreement with Blue Power under which SFS advanced a principal sum of over \$9,000 thousand to Blue Power in connection with the project. As at December 31, 2016 the amount outstanding under the loan agreement was \$9,845 thousand. On February 24, 2017, the loan was novated to OpCo as part of a capital injection by Blue Power to OpCo.

### **C. Interests of Experts and Counsel**

Not applicable.

## **ITEM 8. FINANCIAL INFORMATION**

### **A. Consolidated Statements and Other Financial Information**

We have included the Consolidated Financial Statements as part of this annual report. See "Item 18.—Financial Statements."

#### **Legal proceedings**

In the ordinary course of our business, Ferroglobe is subject to lawsuits, investigations, claims and proceedings, including, but not limited to, contractual disputes and employment, environmental, health and safety matters. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations, claims and proceedings, we do not believe any currently-pending legal proceeding to which Ferroglobe is a party will have a material adverse effect on our business, results of operations, or financial condition.

#### **Matters pertaining to Joint Ventures**

In 2015, FerroAtlántica Group filed a claim to recover the initial joint venture contribution of approximately \$22 million from its counterparty in relation to the Joint Venture Agreement between FerroAtlántica Group and Zeus Mineração Ltda., José Rubens Moretti Junior and Guilherme Moretti. There was an arbitration hearing in April 2015 and, on June 10, 2016, an award of \$22 million, plus costs, was confirmed in favor of FerroAtlántica. The defendants have since applied to the Brazilian courts to annul the award and the parties are awaiting an order on the request. While the Company intends to

continue to pursue recovery, the Company considers recovery against the claim unlikely due to the apparent financial condition of the respondents and has written off the full amount of the claim as of December 31, 2016.

In March 2017, we received a demand for mediation from our North American joint venture partner regarding a dispute in relation to the price of coal charged by our subsidiary, Alden, to our North American joint ventures. The parties are engaged in a non-binding mediation process and the Company has accrued \$8,900 thousand for this matter.

#### ***Asbestos claims***

Certain employees of FerroPem, S.A.S., then known as Pechiney Electrometallurgie, S.A. (“PEM”), may have been exposed to asbestos at its plants in France in the decades prior to FerroAtlántica Group’s purchase of that business in December 2004. During the period in question, PEM was wholly-owned by Pechiney Bâtiments, S.A., which had certain indemnification obligations to our FerroAtlántica Group division pursuant to the 2004 Share Sale and Purchase Agreement under which our FerroAtlántica Group acquired PEM. As of the date of this annual report, approximately 89 such employees have “declared” asbestos-related injury to the French social security agencies, based either on the occurrence of work accidents (“*accident du travail*”) or on administrative recognition of an occupational disease (“*maladie professionnelle*”). Of these, 51 cases are closed, approximately 38 are pending before the French social security agencies or courts and, of the latter, 17 include assertions of “inexcusable negligence” (“*faute inexcusable*”) which, if upheld, may lead to material liability on the part of FerroPem. Other employees may declare further asbestos-related injuries in the future, and may likewise assert inexcusable negligence. In 2016, FerroPem initiated an arbitration process seeking to enforce indemnification provisions in the Share Sale and Purchase Agreement against Río Tinto France as successor to Pechiney Bâtiments with respect to pending asbestos claims. On July 11, 2017, however, the claims in arbitration were denied in their entirety on various grounds, including that the claims were untimely, and FerroPem is without further recourse against Río Tinto. Litigation against, and material liability on the part of, FerroPem will not necessarily arise in each case, and to date a majority of such declared injuries have been minor and have not led to significant liability on FerroPem’s part. Whether material liability will arise is determined case-by-case, often over a period of years, depending on, *inter alia*, the evolution of the claimant’s asbestos-related condition, the possibility that the claimant was exposed while working for other employers and, where asserted, the claimant’s ability to prove inexcusable negligence on FerroPem’s part. Because of such uncertainties, no reliable estimate can be made at this time of FerroPem’s eventual liability in these matters, with exception of three grave cases that have been litigated through the appeal process and in which claimants’ assertions of inexcusable negligence were upheld. Liabilities in respect to this matter have been recorded at December 31, 2017 at an estimated amount of \$2,339 thousand.

#### ***Environmental matters***

On August 31, 2016, the U.S. Department of Justice (the “DOJ”) requested a meeting with GMI to discuss potential resolution of a July 1, 2015 NOV/FOV that GMI received from the U.S. Environmental Protection Agency (the “EPA”) alleging certain violations of the Prevention of Significant Deterioration (“PSD”) and New Source Performance Standards provisions of the Clean Air Act associated with a 2013 project performed at GMI’s Beverly facility. Specifically, the July 2015 NOV/FOV alleges violations of the facility’s existing operating and construction permits, including allegations related to opacity emissions, sulfur dioxide and particulate matter emissions, and failure to keep necessary records and properly monitor certain equipment. On October 27, 2016, GMI met with the DOJ and the EPA to discuss the alleged violations, GMI’s preliminary assessment of those alleged violations, and its possible defenses to the NOV/FOV. As a result of that meeting, GMI has agreed to the government’s request that GMI prepare an assessment of Best Available Control Technologies (“BACT”) that could be applicable to the facility under the federal PSD program, to conduct a ventilation study to assess emissions at the facility, and to continue discussions with the government regarding an appropriate resolution of the NOV/FOV by consent. In February 2017, the EPA formally issued a request under Section 114 of the Clean Air Act, requiring GMI to conduct the ventilation study that GMI had previously agreed to conduct. On January 4, 2017, GMI received a second NOV/FOV dated December 6, 2016, arising from the same facts as the July 2015 NOV/FOV and subsequent EPA inspections. The second NOV/FOV alleges opacity exceedances at certain units, failure to prevent the release of particulate emissions through the use of furnace hoods at a certain unit, and the failure to install Reasonably Available Control Measures (as defined) at certain emission units at the Beverly facility. As part of the on-going consent process to resolve the NOV/FOVs, the government could demand that GMI install additional pollution control equipment and/or implement other measures to reduce emissions from the facility, as well as pay a civil penalty.



GMI's environmental consultants have completed the ventilation study and a Ventilation Evaluation Report documenting the same, which GMI provided to EPA on October 6, 2017. Since that time, GMI and the government have continued negotiations regarding potential resolution of the NOV/FOVs, which negotiations are ongoing. At this time, however, GMI does not know the extent of potential injunctive relief or the amount of a civil penalty a negotiated resolution of this matter may entail. Should the DOJ and GMI be unable to reach a negotiated resolution of the NOV/FOVs, the government could institute formal legal proceedings for injunctive relief and civil penalties. The statutory maximum penalty is \$93,750 per day per violation, from April 2013 to the present.

***Matters pertaining to Mr. López Madrid***

The legal proceedings described below are pending in Spain in which Mr. López Madrid has been called as “investigado”<sup>1</sup> by a Spanish criminal investigative court. At the conclusion of criminal investigatory proceedings, the relevant Spanish court may determine to withdraw the investigation without issuing formal charges, excuse certain parties previously called “investigado” on the basis that there is insufficient evidence to issue formal charges, or issue formal charges or indictments against specific named parties.

On October 25, 2012, Mr. López Madrid was called as “investigado” along with several other directors of Bankia, S.A. and Banco Financiero y de Ahorros, S.A., by a Spanish court investigating whether they were involved in the misrepresentation of the financial condition of Bankia, S.A. in connection with its initial public offering. The public prosecutor did not file formal charges against Mr. López Madrid and asked the Court for the termination of the proceedings regarding Mr. López Madrid. However, in Spanish criminal proceedings private parties (such as political parties, unions or private investors) can also accuse “investigados” in a proceeding and, in the case at hand, some of the private accusing parties did include Mr. López Madrid in their accusation briefs and therefore Mr. López Madrid will be deemed as an accused party. As publicly announced recently, Mr. López Madrid and his family were themselves damaged as a result of the initial public offering as they invested in shares and lost around 20 million euros. Mr. López Madrid has advised us that he vehemently denies any allegations against him in connection with this matter and intends to defend himself vigorously.

As part of the same proceeding, Mr. López Madrid was called again on January 28, 2015, along with several other directors of Bankia, S.A. and several former directors and senior executives of its predecessor Caja Madrid, by the Spanish court in connection with its investigation into whether Mr. López Madrid and the other persons called as “investigado” in the investigation improperly used credit cards for personal expenditures paid by Bankia, S.A. and/or Caja Madrid. Mr. López Madrid promptly reimbursed Bankia, S.A. €32,000 for the credit card charges paid by Bankia, S.A. and paid all taxes otherwise due and payable on account of such amounts. A ruling was issued by the Spanish High Court (Audiencia Nacional) on February 23, 2017, pursuant to which Mr. López Madrid was convicted as an accessory with a minimum sanction. Mr. López Madrid has filed an appeal with the Spanish Supreme Court (Tribunal Supremo) in response to the ruling and will continue to defend his innocence vigorously in this matter.

On June 10, 2014, a physician (the “Physician”), who had previously treated Mr. López Madrid’s family, was called as “investigado” in connection with criminal allegations that the Physician had harassed Mr. López Madrid, his family and his associates through anonymous phone calls and messages making false accusations and serious threats, which were received daily over a period of several months. On September 24, 2014, Mr. López Madrid was called as “investigado” by a Spanish investigative court in connection with criminal allegations that he had sexually harassed the Physician. The court dismissed the complaint of the Physician, although subsequent investigations are being conducted by an appeal court. In any case, the criminal proceedings against the Physician still continue.

On October 21, 2014, Mr. López Madrid was called as “investigado” by a Spanish court investigating the sale of shares of Infoglobal by Grupo Urbina. On December 22, 2014, the investigating court dismissed the case. On October 16, 2017, the Audiencia Provincial de Madrid confirmed the previous dismissal. The decision of that court is final, and the matter is closed.

On February 11, 2016, Mr. López Madrid was called as “investigado” by a Spanish investigative court in connection with the “Púnica” investigation into possible bribery relating to awards of public contracts. This investigation, in which numerous individuals have been called as “investigado” thus far, has been underway since October 2014. In connection

with this matter, the “Lezo” investigation was initiated and, on April 20 and 21, 2017, Mr. López Madrid was questioned in relation to an alleged payment in 2007 of €1.4 million in favor of a public officials by Obrascón Huarte Lain, S.A. (“OHL”), a listed company partially owned by Grupo VM. Mr. López Madrid was a non-executive director of OHL at the time of the alleged payment and has never held any executive responsibility at OHL. He remains as “investigado” in both the “Punica” and the “Lezo” investigations but there are not any formal charges against Mr. López Madrid, who vehemently denies the allegations against him and intends to defend himself vigorously in these matters.

---

<sup>1</sup> For simplicity purposes, this summary always uses the term “investigado”, although the accurate term for the equivalent status in those proceedings initiated prior to October 2015 is “imputado”.

### **Dividend policy**

Our Board intends to declare annual (or final) dividends and interim dividends, payable quarterly, to be reviewed each year, but this will depend upon many factors, including the amount of our distributable profits as defined below. Pursuant to the Articles, and subject to applicable law, the Company may by ordinary resolution declare dividends (which shall not exceed the amounts recommended by the directors), and the directors may decide to pay interim dividends. The Articles provide that the directors may pay any dividend if it appears to them that the profits available for distribution justify the payment. Under English law, dividends may only be paid out of distributable reserves of the Company or distributable profits, defined as accumulated realized profits not previously utilized by distribution or capitalization less accumulated realized losses to the extent not previously written off in a reduction or reorganization of capital duly made, as reported to Companies House, and not out of share capital, which includes the share premium account. Further, a U.K. public company may only make a distribution if the amount of its net assets is not less than the aggregate of its called-up share capital and undistributable reserves, and if, and to the extent that, the distribution does not reduce the amount of those assets to less than such aggregate. Distributable profits are determined in accordance with generally accepted accounting principles at the time the relevant accounts are prepared. The amount of Ferroglobe’s distributable profits is thus a cumulative calculation. Ferroglobe may be profitable in a single year but unable to pay a dividend if the profits of that year do not offset all the previous year’s accumulated losses. The shareholders of Ferroglobe may by ordinary resolution on the recommendation of the directors decide that the payment of all or any part of a dividend shall be satisfied by transferring non-cash assets of equivalent value, including shares or securities in any corporation.

The declaration and payment of future dividends to holders of our Shares will be at the discretion of our Board and will depend upon many factors, including, in addition to the amount of our distributable profits, our financial condition, earnings, legal requirements, and restrictions in our debt agreements and other factors deemed relevant by our Board of Directors. In addition, as a holding company, our ability to pay dividends depends on our receipt of cash dividends from our operating subsidiaries, the payment which may be restricted by the laws of their respective jurisdictions of organization, their respective agreements, and/or covenants under future indebtedness that we or they may incur.

### **B. Significant Changes**

On February 27, 2018, we entered into the New Revolving Credit Facility Agreement, which has replaced the Amended Revolving Credit Facility Agreement. For further details regarding the New Revolving Credit Facility Agreement, see “Item 10.C. – Additional Information – Material Contracts”.

## **ITEM 9. THE OFFER AND LISTING**

### **A. Offer and Listing Details.**

On December 24, 2015, our ordinary shares were listed for trading on the NASDAQ in U.S. Dollars under the symbol “GSM.” Prior to completion of the Business Combination, which occurred on December 23, 2015, shares of Globe’s common stock were registered pursuant to Section 12(b) of the U.S. Exchange Act and listed on NASDAQ under the ticker symbol “GSM.” Globe’s common stock was suspended from trading on the NASDAQ prior to the open of trading on

December 24, 2015. The following table sets forth the high and low reported sale prices of our Ordinary Shares as reported on the NASDAQ for the periods indicated:

<b>Annual</b>	<b>NASDAQ Trading</b>	
	<b>High</b>	<b>Low</b>
2017	\$ 17.32	\$ 8.60
2016	\$ 11.84	\$ 7.11
<b>Quarterly</b>		
January 1, 2018 through March 31, 2018	\$ 16.76	\$ 10.50
October 1, 2017 through December 31, 2017	\$ 17.32	\$ 13.45
July 1, 2017 through September 30, 2017	\$ 14.27	\$ 12.15
April 1, 2017 through June 30, 2017	\$ 11.95	\$ 8.60
January 1, 2017 through March 31, 2017	\$ 12.32	\$ 9.25
October 1, 2016 through December 31, 2016	\$ 11.84	\$ 8.68
July 1, 2016 through September 30, 2016	\$ 10.07	\$ 7.73
April 1, 2016 through June 30, 2016	\$ 10.45	\$ 7.95
January 1, 2016 through March 31, 2016	\$ 11.41	\$ 7.11
<b>Monthly</b>		
April 2018 (through April 25, 2018)	\$ 11.34	\$ 10.22
March 2018	\$ 16.76	\$ 10.50
February 2018	\$ 16.16	\$ 14.22
January 2018	\$ 16.65	\$ 14.46
December 2017	\$ 17.32	\$ 15.61
November 2017	\$ 16.32	\$ 14.57

**B. Plan of Distribution.**

Not applicable.

**C. Markets.**

Our ordinary shares are traded on the NASDAQ Global Select Market under the symbol "GSM."

**D. Selling Shareholders.**

Not applicable.

**E. Dilution.**

Not applicable.

**F. Expenses of the Issue.**

Not applicable.

**ITEM 10. ADDITIONAL INFORMATION**

**A. Share Capital.**

Not applicable.

**B. Memorandum and Articles of Association.**

*Composition and Nomination of the Board*

Pursuant to the Articles, the Board will consist of at least two directors and no more than eleven directors. The directors are nominated by the Board, after being recommended to the Board by the Nominations Committee, for appointment at a general meeting or appointed by the Board where permitted to do so by law. When a person has been approved by the Board for nomination for election as a director at a general meeting of the Company, prior to the first date after the date of adoption of the Articles on which Grupo VM and its affiliates in the aggregate beneficially own less than 10% of the issued ordinary shares of the Company (the “Sunset Day”), Grupo VM and its affiliates shall not vote against the election of that director at the general meeting unless a majority of its nominees on the Board have voted against such nomination. At every annual general meeting, all the directors shall retire from office and will be eligible, subject to applicable law, for nomination for re-appointment in accordance with the Articles.

The board shall constitute a committee (the “Nominations Committee”) to perform the function of recommending a person for director. The Nominations Committee shall consist of three directors, a majority of whom shall be independent directors, as such term is defined in the NASDAQ rules and applicable law. While Grupo VM and its Affiliates own at least 30% of the shares of the Company, the Grupo VM nominees will be entitled to nominate not more than two-fifths of the members of the Nominations Committee.

On December 23, 2015, Grupo VM designated Javier López Madrid to serve as the Executive Vice-Chairman of the Board in connection with the closing of the Business Combination. Upon the resignation of Alan Kestenbaum as Executive Chairman of the Board, Mr. López Madrid was appointed as Executive Chairman of the Board effective December 31, 2016. Mr. López Madrid is also the Chairman of the Nominations Committee.

*Board Powers and Function*

The members of the Board, subject to the restrictions contained in the Articles, is responsible for the management of the Company’s business, for which purpose they may exercise all our powers whether relating to the management of the business or not. In exercising their powers, the members of the Board must perform their duties to us under English law. These duties include, among others:

- to act within their powers and in accordance with the Articles;
- to act in a way that the directors consider, in good faith, would be most likely to promote our success for the benefit of its members as a whole (having regard to a list of non-exhaustive factors);
- to exercise independent judgment;
- to exercise reasonable care, skill and diligence;
- to avoid conflicts of interest;
- not to accept benefits from third parties; and
- to declare interests in proposed transactions/arrangements.

The Articles provide that the members of the Board may delegate any of the powers which are conferred on them under the Articles to such committee or person, by such means (including by power of attorney), to such an extent and on such terms and conditions, as they think fit.

#### *Share Qualification of Directors*

A director is not required to hold any Shares by way of qualification.

#### *Board and Decision Making*

The Articles provide that any director may call a meeting of the Board. Subject to the provisions of the U.K. Companies Act 2006, the Executive Chairman may also call general meetings on behalf of the Board. The quorum for such a meeting will be at least a majority of the directors then in office.

Except as otherwise provided in the Articles, a decision may be taken at a duly convened Board meeting with the vote of a majority of the directors present at such meeting who are entitled to vote on such question and each director will have one vote.

A director shall not be counted in the quorum present in relation to a matter or resolution on which he is not entitled to vote (or when his vote cannot be counted) but shall be counted in the quorum present in relation to all other matters or resolutions considered or voted on at the meeting. Except as otherwise provided by the Articles, a director shall not vote at a meeting of the Board or a committee of the Board on any resolution concerning a matter in which he has, directly or indirectly, an interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, us) which could reasonably be regarded as likely to give rise to a conflict with our interests.

Unless otherwise determined by us by ordinary resolution, the remuneration of the non-executive directors for their services in the office of director shall be as the Board may from time to time determine. Any director who holds any executive office or who serves on any committee of the Board or who performs services which the Board considers go beyond the ordinary duties of a director may be paid such special remuneration (by way of bonus, commission, participation in profits or otherwise) as the Board may determine. However, the U.K. Companies Act 2006 requires “quoted” companies, such as the Company, to obtain a binding vote of shareholders on the directors’ remuneration policy at least once every three years and an annual advisory (non-binding) shareholders’ vote on an on the directors’ remuneration in the financial year being reported on and how the directors’ remuneration policy will be implemented in the following financial year.

#### *Directors’ Borrowing Powers*

Under our Board’s general power to manage our business, our Board may exercise all the powers to borrow money.

#### *Matters Requiring Majority of Independent Directors Approval*

Prior to the Sunset Date, the approval of a majority of the independent directors (who are not conflicted in relation to the relevant matter) shall be required to authorize any transaction agreement or arrangement between grupo VM or any of its affiliates or connected persons and the Company or any of its Affiliates, or the alteration amendment, repeal or waiver of any such agreement, including any shareholders’ agreement between the Company and Grupo VM.

#### *Director Liability*

Under English law, members of the Board may be liable to us for negligence, default, breach of duty or breach of trust in relation to us. Any provision that purports to exempt a director from such liability is void. Subject to certain exceptions, English law does not permit us to indemnify a director against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to us. The exceptions allow us to:

- purchase and maintain director and officer insurance against any liability attaching in connection with any negligence, default, breach of duty or breach of trust owed to us;

- provide a qualifying third party indemnity provision which permits us to indemnify its directors (and directors of an “associated company” (i.e., a company that is a parent, subsidiary or sister company of Ferroglobe) in respect of proceedings brought by third parties (covering both legal costs and the amount of any adverse judgment), except for: (i) the legal costs of an unsuccessful defense of criminal proceedings or civil proceedings brought by us an associated company, or the legal costs incurred in connection with certain specified applications by the director for relief where the court refuses to grant the relief; (ii) fines imposed in criminal proceedings; and (iii) penalties imposed by regulatory bodies;
- loan funds to a director to meet expenditure incurred in defending civil and criminal proceedings against him or her (even if the action is brought by us), or expenditure incurred applying for certain specified relief, but subject to the requirement for the director or officer to reimburse us if the defense is unsuccessful; and
- provide a qualifying pension scheme indemnity provision, (which allows us to indemnify a director of a company that is a trustee of an occupational pension scheme against liability incurred in connection with such company’s activities as a trustee of the scheme (subject to certain exceptions).

#### *Indemnification Matters*

Under the Articles, subject to the provisions of the U.K. Companies Act 2006 and applicable law, we will exercise all of our powers to (i) indemnify any person who is or was a director (including by funding any expenditure incurred or to be incurred by him or her) against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or her or otherwise, in relation to us or any associated company; and/or (ii) indemnify to any extent any person who is or was a director of an associated company that is a trustee of an occupational pension scheme (including by funding any expenditure incurred or to be incurred by him or her) against any liability, incurred by him or her in connection with our activities as trustee of an occupational pension scheme; including insurance against any loss or liability or any expenditure he or she may incur, whether in connection with any proven or alleged act or omission in the actual or purported execution or discharge of his or her duties or in the exercise or purported exercise of his or her powers or otherwise in relation to his or her duties, power or offices, whether comprising negligence, default, breach of duty, breach of trust or otherwise, in relation to the relevant body or fund.

Under the Articles and subject to the provisions of the U.K. Companies Act 2006, we may exercise all of our powers to purchase and maintain insurance for or for the benefit of any person who is or was a director, officer or employee of, or a trustee of any pension fund in which our employees are or have been interested, including insurance against any loss or liability or any expenditure he or she may incur, whether in connection with any proven or alleged act or omission in the actual or purported execution or discharge of his or her duties or in the exercise or purported exercise of his or her powers or otherwise in relation to his or her duties, power or offices, whether comprising negligence, default, breach of duty, breach of trust or otherwise, in relation to the relevant body or fund.

No director or former director shall be accountable to us or the members for any benefit provided pursuant to the Articles. The receipt of any such benefit shall not disqualify any person from being or becoming a director.

#### *Director Removal or Termination of Appointment*

The general meeting of shareholders will, at all times, have the power to remove a member of the Board by an ordinary resolution, being a resolution passed by a simple majority of votes cast. The Articles also provide that a member of the Board will cease to be a director as soon as:

- the director ceases to be a director by virtue of any provision of the U.K. Companies Act 2006 (including, without limitation, section 168) or he becomes prohibited by applicable law from being a director;
- the director becomes bankrupt or makes any arrangement or composition with the director’s creditors generally;

- a registered medical practitioner who is treating that person gives a written opinion to us stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- by reason of the director's mental health a court makes an order which wholly or partly prevents the director from personally exercising any powers or rights he would otherwise have;
- the director resigns from office by notice in writing to us;
- in the case of a director who holds any executive office, the director's appointment as such is terminated or expires and the Board resolves that he should cease to be a director;
- the director is absent for more than six consecutive months, without permission of the Board, from meetings of the Board held during that period and the Board resolves that the director should cease to be a director; or
- the director dies.

#### *Committees*

Subject to the provisions of the Articles, the directors may delegate any of the powers which are conferred on them under the Articles:

- to a committee consisting of one or more directors and (if thought fit) one or more other persons, to such an extent and on such terms and conditions as the Board thinks fit (and such ability of the directors to delegate applies to all powers and discretions and will not be limited because certain articles refer to powers and discretions being exercised by committees authorized by directors while other articles do not);
- to such person by such means (including by power of attorney), to such an extent, and on such terms and conditions, as they think fit including delegation to any director holding any executive office, any manager or agent such of its powers as the Board considers desirable to be exercised by him; or
- to any specific director or directors (with power to sub-delegate). These powers can be given on terms and conditions decided on by the directors either in parallel with, or in place of, the powers of the directors acting jointly.

Any such delegation shall, in the absence of express provision to the contrary in the terms of delegation, be deemed to include authority to sub-delegate to one or more directors (whether or not acting as a committee) or to any employee or agent all or any of the powers delegated and may be made subject to such conditions as the Board may specify, and may be revoked or altered. The directors can remove any people they have appointed in any of these ways and cancel or change anything that they have delegated, although this will not affect anybody who acts in good faith who has not has any notice of any cancellation or change.

#### *General Meeting*

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the U.K. Companies Act 2006. The Board may call general meetings whenever and at such times and places as it shall determine. Subject to the provisions of the U.K. Companies Act 2006, the executive chairman of the Company may also call general meetings on behalf of the Board. On requisition of members pursuant to the provisions of the U.K. Companies

Act 2006, the Board shall promptly convene a general meeting in accordance with the requirements of the U.K. Companies Act 2006.

Subject to the provisions of the U.K. Companies Act 2006, an annual general meeting and all other general meetings shall be called by at least such minimum period of notice as is prescribed or permitted under the U.K. Companies Act 2006.

All provisions of the Articles relating to general meetings of the Company shall apply, *mutatis mutandis*, to every separate general meeting of the holders of any class of shares in the capital of the Company.

## **C. Material Contracts**

### **New Revolving Credit Facility**

On February 27, 2018, Ferroglobe PLC, as borrower (the “Borrower”), certain subsidiaries of Ferroglobe PLC from time to time party thereto as guarantors, the financial institutions from time to time party thereto as lenders, PNC Bank, National Association, as administrative agent, issuing lender and swing loan lender, PNC Capital Markets LLC, Citizens Bank, National Association and BMO Capital Markets Corp., as joint legal arrangers and bookrunners, Citizens Bank, National Association, as syndication agent, and BMO Capital Markets Corp., as documentation agent entered into the New Revolving Credit Facility Agreement.

The New Revolving Credit Facility provides for borrowings up to an aggregate principal amount of \$250 million to be made available to the Borrowers in U.S. Dollars. Multicurrency borrowings under the New Revolving Credit Facility will be available in Euros, Pound Sterling and any other currency approved by the Administrative Agent and all of the Lenders. The New Revolving Credit Facility contains a sublimit for the issuance of letters of credit in an amount of up to \$25 million. Subject to certain exceptions, loans under the New Revolving Credit Facility may be borrowed, repaid and reborrowed at any time.

Capitalized terms used but not defined herein have the meanings assigned to them in the New Revolving Credit Facility Agreement.

#### ***Interest rates***

At the Borrower’s option, loans under the New Revolving Credit Facility will bear interest based on the Base Rate or the Euro-Rate (each as defined below).

Base Rate shall mean, for any day, a fluctuating per annum rate of interest equal to the highest of (a) the Fed Overnight Bank Funding Rate, plus fifty basis points (0.50%), (b) the Prime Rate, and (c) the Daily LIBOR Rate, plus 100 basis points (1.00%). Any change in the Base Rate (or any component thereof) shall take effect at the opening of business on the day such change occurs. Notwithstanding the foregoing, if the Base Rate as determined in the manner provided for above would be less than zero percent (0.00%) per annum, such rate shall be deemed to be zero percent (0.00%) per annum for purposes of the New Credit Facility Agreement.

Euro-Rate shall mean the following: (a) with respect to the U.S. Dollar Loans comprising any Borrowing Tranche to which the Euro-Rate Option applies for any Interest Period, the interest rate per annum determined by the Administrative Agent as the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which U.S. Dollar deposits are offered by leading banks in the London interbank deposit market), rounded upwards, if necessary, to the nearest 1/100th of 1% per annum (with .005% being rounded up), or the rate which is quoted by another source selected by the Administrative Agent as an authorized information vendor for the purpose of displaying rates at which U.S. Dollar deposits are offered by leading banks in the London interbank deposit market at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period as the Relevant Interbank Market offered rate for U.S. Dollars for an amount comparable to such Borrowing Tranche and having a borrowing date and a maturity comparable to such Interest Period, in each case which determination shall be conclusive absent manifest error; (b) with respect to Optional Currency Loans in Euros or British Pounds Sterling comprising any Borrowing Tranche



for any Interest Period, the interest rate per annum determined by the Administrative Agent as the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which deposits of the relevant Optional Currency is offered by leading banks in the London interbank deposit market), rounded upwards, if necessary, to the nearest 1/100th of 1% (with .005% being rounded up) per annum, or the rate which is quoted by another source selected by the Administrative Agent as an authorized information vendor for the purpose of displaying rates at which such applicable Optional Currencies are offered by leading banks in the London interbank deposit market at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period as the Relevant Interbank Market offered rate for deposits in Euros or British Pounds Sterling for an amount comparable to the principal amount of such Borrowing Tranche and having a borrowing date and a maturity comparable to such Interest Period. The Administrative Agent shall give prompt notice to the Borrower of the Euro-Rate as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error; (c) with respect to Optional Currency Loans in any other Optional Currency, the rate per annum designated with respect to such Optional Currency at the time such Optional Currency is approved by the Administrative Agent and Lenders pursuant to Section 2.11.2(c) (Requests for Additional Optional Currencies); or (d) With respect to any Loans available at a Euro-Rate, if at any time, for any reason, the source(s) for the Euro-Rate described above for the applicable currency or currencies is no longer available, then, subject to the provisions of Section 4.5 (Termination of LIBOR), the Administrative Agent may determine a comparable replacement rate (or a replacement rate, plus a spread or margin, in order to attain such comparability) at such time (which determination shall be conclusive absent manifest error). (e) Notwithstanding the foregoing, if the Euro-Rate as determined in the manner provided for above would be less than zero percent (0.00%) per annum, such rate shall be deemed to be zero percent (0.00%) per annum for purposes of the New Revolving Credit Facility Agreement.

### ***Guarantees and security***

The obligations of the Borrowers are guaranteed by certain subsidiaries of Ferroglobe. The obligations of the Loan Parties (as defined in the New Revolving Credit Facility), together with each secured bank product accepted or executed by a Loan Party, are or will be secured by in particular security interests in certain equity interests of subsidiaries of the Loan Parties and certain assets of the Loan Parties.

### ***Covenants***

The New Revolving Credit Facility contains certain affirmative covenants relating to, among other things: (i) preservation of existence; (ii) payment of taxes; (iii) continuation of business; (iv) maintenance of insurance on its properties and assets; (v) maintenance and protection of rights of properties; (vi) visitation rights granted to the Administrative Agent and (vii) maintain and keep proper books of record and account. The New Revolving Credit Facility also contains certain negative covenants, relating to, among other things: (i) debt; (ii) liens; (iii) liquidations, mergers or consolidation; (iv) amendment of organizational documents; (v) restricted payments (including dividends, distributions, issuances of equity interests, redemptions and repurchases of equity interests); (vi) sale and leaseback transactions and (vii) further negative pledges. In addition, the New Revolving Credit Facility contains certain maintenance financial covenants, including: (i) Maximum Net Total Leverage Ratio and (ii) Minimum Interest Coverage Ratio.

### ***Senior Notes due 2022***

On February 15, 2017, Ferroglobe and Globe (together, the “Issuers”) issued \$350 million aggregate principal amount of 9.375% Senior Notes due 2022 (the “Notes”) pursuant to the Indenture. The interest on the Notes is payable semi-annually on March 1 and September 1 of each year, commencing on September 1, 2017. At any time prior to March 1, 2019, the Issuers may redeem all or a portion of the Notes at a redemption price based on a “make-whole” premium. At any time on or after March 1, 2019, the Issuers may redeem all or a portion of the Notes at redemption prices varying based on the period during which the redemption occurs. In addition, at any time prior to March 1, 2019, the Issuers may redeem up to 35% of the aggregate principal amount of the Notes with the net proceeds from certain equity offerings at a redemption price of 109.375% of the principal amount of the Notes, plus accrued and unpaid interest. The Issuers have agreed to pay certain additional amounts in respect of any withholdings or deductions for certain types of taxes in certain jurisdictions on payments to holders of the Notes. The Notes are senior unsecured obligations of the Issuers and are guaranteed on a senior basis by certain subsidiaries of Ferroglobe. The Notes are listed on the Irish Stock Exchange.

The Indenture contains certain negative covenants restricting, among other things, our ability to: (i) make certain advances, loans or investments; (ii) incur indebtedness or issue guarantees; (iii) create security; sell, lease, transfer or dispose of assets; (iv) merge or consolidate with other companies; (v) transfer all or substantially all of our assets; make a substantial change to the general nature of our business; (vi) pay dividends and make other restricted payments; (vii) create or incur liens; (viii) agree to limitations on the ability of our subsidiaries to pay dividends or make other distributions; (ix) engage in sales of assets and subsidiary stock; (x) enter into transactions with affiliates; (xi) amend organizational documents; (xii) enter into sale-leaseback transactions and (xiii) enter into agreements that contain a negative pledge.

### **REINDUS Loan**

On September 8, 2016, FerroAtlántica, S.A., as borrower, and the Spanish Ministry of Industry, Tourism and Commerce (the “Ministry”), as lender, entered into two loan agreements under which the Ministry made available to the borrower loans in aggregate principal amount of €44.9 million and €26.9 million, respectively, in connection with industrial development projects relating to our solar grade silicon project. See “Item 4.B.—Information on the Company—Business Overview—Research and Development (R&D)—Solar grade silicon.” The loan of €44.9 million is to be repaid in seven installments over a 10-year period with the first three years as a grace period. Interest on outstanding amounts under each loan accrues at an annual rate of 2.29%. The loan of €26.9 million was repaid in April 2018.

The agreements governing the loans contain the following limitations on the use of the proceeds of the outstanding loan: (1) the investment of the proceeds must occur between January 1, 2016 and May 23, 2018; (2) the allocation of the proceeds must adhere to certain approved budget categories; (3) if the final investment cost is lower than the budgeted amount, the borrower must reimburse the Ministry proportionally; and (4) the borrower must comply with certain statutory restrictions regarding related party transactions and the procurement of goods and services. The Company is currently seeking an extension from the Ministry in order to be able to use the proceeds subsequent to May 23, 2018.

### **Securitization of trade receivables**

On July 31, 2017, the Company entered into an accounts receivables securitization program (the “Program”) where trade receivables held by the Company’s subsidiaries in the US, Canada, Spain and France are sold to a special purpose ‘designated activity company’ domiciled and incorporated in Ireland (the “SPE”). Eligible receivables are sold to the SPE on an on-going basis at an agreed upon purchase price of approximately 99% of their invoiced amount. Part of the purchase consideration is funded upfront in cash and part is deferred in the form of senior subordinated and junior subordinated loans from the selling entities to the SPE. Up to \$250,000 thousand of upfront cash consideration can be provided by the SPE under the Program, financed by ING Bank N.V., as senior lender and Finacity Capital Management Inc., as intermediate subordinated lender. In respect of trade receivables outstanding at December 31, 2017, the SPE had provided upfront cash consideration of approximately \$166,525 thousand.

The Company is also engaged as master servicer to the SPE whereby the Company is responsible for the cash collection, reporting and cash application of the sold receivables. As master servicer, the Company earns a fixed management fee and an additional servicing fee which entitles the Company to a residual interest upon liquidation of the SPE. The additional servicing fee will only be paid out on liquidation of the SPE and from any excess cash flows remaining after all lenders to the SPE have been repaid.

### **Acquisition of Glencore’s European manganese plants in France and Norway**

On February 1, 2018, Ferroglobe completed the acquisition from a wholly-owned subsidiary of Glencore International AG (“Glencore”) of a 100% interest in Glencore’s manganese alloys plants in Mo i Rana (Norway) and Dunkirk (France), after receiving the necessary regulatory approvals in France, Germany and Poland. The new subsidiaries will be renamed as Ferroglobe Mangan Norge and Ferroglobe Manganèse France. Ferroglobe has completed the acquisition through its wholly-owned subsidiary Grupo FerroAtlántica.

The acquisition of the Glencore plants in France and Norway represents a unique opportunity for Ferroglobe to increase its size in the manganese alloys industry, becoming one of the world’s largest producers with over half a million tons of

sales of ferromanganese and silicomanganese. In 2016, the combined sales of these plants were approximately 160,000 tons of ferromanganese and 110,000 of silicomanganese. During the same year, Ferroglobe sold approximately 135,000 tons of ferromanganese and 132,000 tons of silicomanganese.

The integration of the acquired assets will allow Ferroglobe to consolidate a network of manganese alloy plants in Europe, to diversify its manganese alloy production base and to capture cost improvements through the sharing of best practices and the optimization of logistics flows. It will also provide significant advantages to our customers as Ferroglobe will be better positioned to serve multiple locations in a more agile and responsive manner.

Simultaneously with the acquisition, Glencore and Ferroglobe have entered into exclusive agency arrangements for the marketing of Ferroglobe's manganese alloys worldwide and the procurement of manganese ores to supply Ferroglobe's plants, in both cases for a period of ten years.

The acquisition price for the two facilities included an up-front payment satisfied on closing plus an earn-out payment, payable over eight and a half years, based on the annual performance of each of the acquired plants.

The initial accounting for the acquisition is incomplete as at the date these financial statements are authorized for issue. The acquisition-date fair value of the consideration transferred, the fair value of the assets acquired and liabilities assumed and the amount of goodwill arising on the acquisition will be disclosed in forthcoming periods.

#### **Other material contracts**

See also “Item 7.B.—Major Shareholders and Related Party Transactions—Related Party Transactions.”

#### **D. Exchange Controls**

See “Item 3.D.—Key Information—Risk Factors—Risks Related to Our Ordinary Shares.”

#### **E. Taxation.**

##### **U.S. federal income taxation**

The following is a discussion of the material U.S. federal income tax consequences to U.S. holders (as defined below) of the ownership and disposition of ordinary shares. The discussion is based on and subject to the Code, the U.S. Treasury Regulations promulgated thereunder, administrative rulings and court decisions in effect on the date hereof, all of which are subject to change, possibly with retroactive effect, and to differing interpretations. The discussion applies only to U.S. holders that acquire ordinary shares in exchange for cash in this offering and hold ordinary shares as “capital assets” within the meaning of Section 1221 of the Code (generally, property held for investment). The discussion also assumes that we will not be treated as a U.S. corporation under Section 7874 of the Code. The discussion does not address all aspects of U.S. federal income taxation that may be relevant to particular U.S. holders in light of their personal circumstances, including any tax consequences arising under the Medicare contribution tax on net investment income, or to such shareholders subject to special treatment under the Code, such as:

- banks, thrifts, mutual funds, insurance companies, and other financial institutions,
- real estate investment trusts and regulated investment companies,
- traders in securities who elect to apply a mark-to-market method of accounting,
- brokers or dealers in securities or foreign currency,
- tax-exempt organizations or governmental organizations,

- individual retirement and other deferred accounts,
- U.S. holders whose functional currency is not the U.S. Dollar,
- U.S. expatriates and former citizens or long-term residents of the United States,
- “passive foreign investment companies,” “controlled foreign corporations,” and corporations that accumulate earnings to avoid U.S. federal income tax,
- persons subject to the alternative minimum tax,
- shareholders who hold ordinary shares as part of a straddle, hedging, conversion, constructive sale or other risk reduction transaction,
- “S corporations,” partnerships or other entities or arrangements classified as partnerships for U.S. federal income tax purposes or other pass-through entities (and investors therein),
- persons that actually or constructively own 10% or more of our voting stock, and
- shareholders who received their ordinary shares through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan.

The discussion does not address any non-income tax consequences or any foreign, state or local tax consequences. For purposes of this discussion, a U.S. holder means a beneficial owner of ordinary shares who is:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States or any subdivision thereof, or that is otherwise treated as a U.S. tax resident under the Code;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person for U.S. federal income tax purposes.

If a partnership, including for this purpose any entity that is treated as a partnership for U.S. federal income tax purposes, holds ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A U.S. holder that is a partnership and the partners in such partnership should consult their tax advisors about the U.S. federal income tax consequences of the ownership and disposition of ordinary shares.

Prospective purchasers are urged to consult their tax advisors with respect to the U.S. federal income tax consequences to them of the purchase, ownership and disposition of ordinary shares, as well as the tax consequences to them arising under U.S. federal tax laws other than those pertaining to income tax (including estate or gift tax laws), state, local and non-U.S. tax laws, as well as any applicable income tax treaty.

### ***Dividends and other distributions on ordinary shares***

Dividends will generally be taxed as ordinary income to U.S. holders to the extent that they are paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. As such, subject to the following discussion of special rules applicable to PFICs (as defined below) and, assuming that ordinary shares continue to be listed on NASDAQ and certain holding-period requirements are met, the gross amount of the dividends paid by us to U.S. holders may be eligible to be taxed at lower rates applicable to dividends paid by a “qualified foreign corporation.” Dividends paid by us will not qualify for the dividends received deduction under Section 243 of the Code otherwise available to corporate shareholders. In general, and subject to the discussion below, the dividend income will be treated as foreign source passive income for U.S. federal foreign tax credit limitation purposes. The rules relating to the determination of the U.S. foreign tax credit are complex and U.S. holders should consult their tax advisors to determine whether and to what extent a credit would be available.

To the extent that the amount of any dividend exceeds our current and accumulated earnings and profits for a taxable year, the excess will first be treated as a tax-free return of capital, causing a reduction in the U.S. holder’s adjusted basis in ordinary shares. The balance of any excess will be taxed as capital gain, which would be long-term capital gain if the U.S. holder has held the ordinary shares for more than one year at the time the dividend is received.

It is possible that we are, or at some future time will be, at least 50% owned by U.S. persons. Dividends paid by a foreign corporation that is at least 50% owned by U.S. persons may be treated as U.S. source income (rather than foreign source passive income) for foreign tax credit purposes to the extent the foreign corporation has more than an insignificant amount of U.S. source income. The effect of this rule may be to treat a portion of any dividends paid by us as U.S. source income, which may limit a U.S. holder’s ability to claim a foreign tax credit with respect to foreign taxes payable or deemed payable in respect of the dividends or other foreign source passive income. The Code permits a U.S. holder entitled to benefits under the United Kingdom-United States Income Tax Treaty to elect to treat any dividends paid by us as foreign source income for foreign tax credit purposes if the dividend income is separated from other income items for purposes of calculating the U.S. holder’s foreign tax credit with respect to U.K. taxes withheld, if any, on the distribution of such dividend income. U.S. holders should consult their own tax advisors about the desirability and method of making such an election.

We generally intend to pay dividends in U.S. Dollars. If we were to pay dividends in a foreign currency or other property, the amount of any such dividend will be the U.S. Dollar value of the foreign currency or other property distributed by us, calculated, in the case of foreign currency, by reference to the exchange rate on the date the dividend is includible in the U.S. holder’s income, regardless of whether the payment is in fact converted into U.S. Dollars on the date of receipt. Generally, a U.S. holder should not recognize any foreign currency gain or loss if the foreign currency is converted into U.S. Dollars on the date the payment is received. However, any gain or loss resulting from currency exchange fluctuations during the period from the date the U.S. holder includes the dividend payment in income to the date such U.S. holder actually converts the payment into U.S. Dollars will be treated as ordinary income or loss. That currency exchange or loss (if any) generally will be income or loss from U.S. sources for foreign tax credit purposes.

### ***Sale, exchange or other taxable disposition of ordinary shares***

Subject to the following discussion of special rules applicable to PFICs, a U.S. holder will generally recognize taxable gain or loss on the sale, exchange or other taxable disposition of ordinary shares in an amount equal to the difference between the amount realized on such taxable disposition and the U.S. holder’s tax basis in the ordinary shares. A U.S. holder’s initial tax basis in ordinary shares generally will equal the cost of such ordinary shares.

The source of any such gain or loss is generally determined by reference to the residence of the holder such that it generally will be treated as U.S. source income for foreign tax credit limitation purposes in the case of a sale, exchange or other taxable disposition by a U.S. holder. However, the Code permits a U.S. holder entitled to benefits under the United Kingdom-United States Income Tax Treaty to elect to treat any gain or loss on the sale, exchange or other taxable disposition of ordinary shares as foreign source income for foreign tax credit purposes if the gain or loss is sourced outside of the United States under the United Kingdom-United States Income Tax Treaty and such gain or loss is separated from

other income items for purposes of calculating the U.S. holder's foreign tax credit. U.S. holders should consult their own tax advisors about the desirability and method of making such an election.

Gain or loss realized on the sale, exchange or other taxable disposition of ordinary shares generally will be capital gain or loss and will be long-term capital gain or loss if the ordinary shares have been held for more than one year. Non-corporate U.S. holders (including individuals) generally will be subject to U.S. federal income tax on long-term capital gain at preferential rates. The deduction of capital losses is subject to limitations.

#### ***Passive foreign investment company considerations***

A foreign corporation is a "passive foreign investment company" (a "PFIC") if, after the application of certain "look-through" rules, (1) at least 75% of its gross income is "passive income" as that term is defined in the relevant provisions of the Code, or (2) at least 50% of the value of its assets (determined on the basis of a quarterly average) produce "passive income" or are held for the production of "passive income." The determination as to PFIC status is made annually. If a U.S. holder is treated as owning PFIC stock, the U.S. holder will be subject to special rules generally intended to reduce or eliminate the benefit of the deferral of U.S. federal income tax that results from investing in a foreign corporation that does not distribute all of its earnings on a current basis. These rules may adversely affect the tax treatment to a U.S. holder of dividends paid by us and of sales, exchanges and other dispositions of ordinary shares, and may result in other adverse U.S. federal income tax consequences.

We do not expect to be treated as a PFIC for the current taxable year, and we do not expect to become a PFIC in the future. However, there can be no assurance that the IRS will not successfully challenge this position or that we will not become a PFIC at some future time as a result of changes in our assets, income or business operations. U.S. holders should consult their own tax advisors about the determination of our PFIC status and the U.S. federal income tax consequences of holding ordinary shares if we are considered a PFIC in any taxable year.

#### ***Information reporting and backup withholding***

In general, information reporting requirements may apply to dividends received by U.S. holders of ordinary shares and the proceeds received on the disposition of ordinary shares effected within the United States (and, in certain cases, outside the United States), paid to U.S. holders other than certain exempt recipients (such as corporations). Backup withholding may apply to such amounts if the U.S. holder fails to provide an accurate taxpayer identification number (generally on an IRS Form W-9) or is otherwise subject to backup withholding. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a refund or credit against the U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Individuals that own "specified foreign financial assets" with an aggregate value of more than \$50 thousand (or higher threshold for some married individuals and individuals living abroad) may be required to file an information report (IRS Form 8938) with respect to such assets with their tax returns. Ordinary shares generally will constitute specified foreign financial assets subject to these reporting requirements, unless the ordinary shares are held in an account at a financial institution (which, in the case of a foreign financial account, may also be subject to reporting). Additionally, under recently finalized regulations, a domestic corporation, domestic partnership, or trust (as described in Section 7701(a)(30)(E) of the Code) which is formed or availed of for purposes of holding, directly or indirectly, specified foreign financial assets may be treated as an individual for purposes of these rules. U.S. holders should consult their own tax advisors regarding information reporting requirements relating to their ownership of ordinary shares, and the significant penalties to which they may be subject for failure to comply.

#### **United Kingdom taxation**

The following paragraphs are intended as a general guide to current U.K. tax law and HM Revenue & Customs published practice applying as at the date of this annual report (both of which are subject to change at any time, possibly with retrospective effect) relating to the holding of ordinary shares. They do not constitute legal or tax advice and do not purport to be a complete analysis of all U.K. tax considerations relating to the holding of ordinary shares. They relate only to

persons who are absolute beneficial owners of ordinary shares (and where the ordinary shares are not held through an Individual Savings Account or a Self-Invested Personal Pension) and who are resident for tax purposes in (and only in) the U.K. (except to the extent that the position of non-U.K. resident persons is expressly referred to).

These paragraphs may not relate to certain classes of holders of ordinary shares, such as (but not limited to):

- persons who are connected with the Company;
- insurance companies;
- charities;
- collective investment schemes;
- pension schemes;
- brokers or dealers in securities or persons who hold ordinary shares otherwise than as an investment;
- persons who have (or are deemed to have) acquired their ordinary shares by virtue of an office or employment or who are or have been officers or employees of the Company or any of its affiliates; and
- individuals who are subject to U.K. taxation on a remittance basis.

These paragraphs do not describe all of the circumstances in which holders of ordinary shares may benefit from an exemption or relief from U.K. taxation. It is recommended that all holders of ordinary shares obtain their own tax advice. In particular, non-U.K. resident or domiciled persons are advised to consider the potential impact of any relevant double tax agreements.

### ***Dividends***

#### *Withholding tax*

Dividends paid by the Company will not be subject to any withholding or deduction for or on account of U.K. tax, irrespective of the residence or particular circumstances of the shareholders.

#### *Income tax*

An individual holder of ordinary shares who is resident for tax purposes in the U.K. may, depending on his or her particular circumstances, be subject to U.K. tax on dividends received from the Company. An individual holder of ordinary shares who is not resident for tax purposes in the U.K. should not be chargeable to U.K. income tax on dividends received from the Company unless he or she carries on (whether solely or in partnership) any trade, profession or vocation in the U.K. through a branch or agency to which the ordinary shares are attributable (subject to certain exceptions for trading through independent agents, such as some brokers and investment managers).

A nil rate of income tax will currently apply to the first £5 thousand of dividend income received by an individual shareholder in a tax year (the “Nil Rate Amount”), regardless of what tax rate would otherwise apply to that dividend income. Any dividend income received by an individual shareholder in a tax year in excess of the Nil Rate Amount will be subject to income tax at dividend rates determined by thresholds of income, as follows:

- at the rate of 7.5%, to the extent that the relevant dividend income falls below the threshold for the higher rate of income tax;

- at the rate of 32.5%, to the extent that the relevant dividend income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
- at the rate of 38.1%, to the extent that the relevant dividend income falls above the threshold for the additional rate of income tax.

Dividend income that is within the dividend Nil Rate Amount counts towards an individual's basic or higher rate limits, and will therefore potentially affect the level of savings allowance to which an individual is entitled, and the rate of tax that is due on any dividend income in excess of the Nil Rate Amount. In calculating into which tax band any dividend income over the nil rate falls, savings and dividend income are treated as the highest part of an individual's income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

#### *Corporation tax*

Corporate holders of ordinary shares which are resident for tax purposes in the U.K. should not be subject to U.K. corporation tax on any dividend received from the Company so long as the dividends qualify for exemption (as is likely) and certain conditions are met (including anti-avoidance conditions).

#### ***Chargeable gains***

A disposal of ordinary shares by a shareholder resident for tax purposes in the U.K. may, depending on the shareholder's circumstances and subject to any available exemptions or reliefs, give rise to a chargeable gain or an allowable loss for the purposes of U.K. capital gains tax and corporation tax on chargeable gains.

If an individual holder of ordinary shares who is subject to U.K. income tax at either the higher or the additional rate becomes liable to U.K. capital gains tax on the disposal of ordinary shares, the applicable rate will be 20% (2017/18). For an individual holder of ordinary shares who is subject to U.K. income tax at the basic rate and liable to U.K. capital gains tax on such disposal, the applicable rate would be 10% (2017/18), save to the extent that any capital gains exceed the unused basic rate tax band. In that case, the rate applicable to the excess would be 20% (2017/18). No indexation allowance will be available to an individual holder of ordinary shares in respect of any disposal of such shares. However, the capital gains tax annual exempt amount (which is £11,300 for individuals (2017/18)) may be available to exempt any chargeable gain, to the extent that the exemption has not already been utilized.

If a corporate holder of ordinary shares becomes liable to U.K. corporation tax on the disposal of ordinary shares, the main rate of U.K. corporation tax (currently 19%) would apply. An indexation allowance may be available to such a holder to give an additional deduction based on the indexation of its base cost in the shares by reference to U.K. retail price inflation over its holding period. An indexation allowance can only reduce a gain on a future disposal, and cannot create a loss.

A holder of ordinary shares which is not resident for tax purposes in the U.K. should not normally be liable to U.K. capital gains tax or corporation tax on chargeable gains on a disposal of ordinary shares. However, an individual holder of ordinary shares who has ceased to be resident for tax purposes in the U.K. for a period of less than five years and who disposes of ordinary shares during that period may be liable on his or her return to the U.K. to U.K. tax on any capital gain realized (subject to any available exemption or relief).

#### ***Stamp duty and Stamp Duty Reserve Tax ("SDRT")***

The discussion below relates to holders of ordinary shares wherever resident.

Transfers of ordinary shares within a clearance service or depositary receipt system should not give rise to a liability to U.K. stamp duty or SDRT, provided that no instrument of transfer is entered into and that no election that applies to the ordinary shares is, or has been, made by the clearance service or depositary receipt system under Section 97A of the U.K. Finance Act 1986.



Transfers of ordinary shares within a clearance service where an election has been made by the clearance service under Section 97A of the U.K. Finance Act 1986 will generally be subject to SDRT (rather than U.K. stamp duty) at the rate of 0.5% of the amount or value of the consideration.

Transfers of ordinary shares that are held in certificated form will generally be subject to U.K. stamp duty at the rate of 0.5% of the consideration given (rounded up to the nearest £5). An exemption from U.K. stamp duty is available for a written instrument transferring an interest in ordinary shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. SDRT may be payable on an agreement to transfer such ordinary shares, generally at the rate of 0.5% of the consideration given in money or money's worth under the agreement to transfer the ordinary shares. This charge to SDRT would be discharged if an instrument of transfer is executed pursuant to the agreement which gave rise to SDRT and U.K. stamp duty is duly paid on the instrument transferring the ordinary shares within six years of the date on which the agreement was made or, if the agreement was conditional, the date on which the agreement became unconditional. The stamp duty would be duly accounted for if it is paid, an appropriate relief is claimed or the instrument is otherwise certified as exempt.

If ordinary shares (or interests therein) are subsequently transferred into a clearance service or depositary receipt system, U.K. stamp duty or SDRT will generally be payable at the rate of 1.5% of the amount or value of the consideration given (rounded up in the case of U.K. stamp duty to the nearest £5) or, in certain circumstances, the value of the shares (save to the extent that an election has been made under Section 97A of the U.K. Finance Act 1986). This liability for U.K. stamp duty or SDRT will strictly be accountable by the clearance service or depositary receipt system, as the case may be, but will, in practice, generally be reimbursed by participants in the clearance service or depositary receipt system.

**F. Dividends and Paying Agents.**

Not applicable.

**G. Statements by Experts.**

Not applicable.

**H. Documents on Display.**

We previously filed with the SEC our registration statement on Form F-1 on March 15, 2016 with file number 333-209595.

We have filed this annual report on Form 20-F with the SEC under the U.S. Exchange Act. Statements made in this annual report as to the contents of any document referred to are not necessarily complete. With respect to each such document filed as an exhibit to this annual report, reference is made to the exhibit for a more complete description of the matter involved, and each such statement shall be deemed qualified in its entirety by such reference.

We are subject to the informational requirements of the U.S. Exchange Act and file reports and other information with the SEC. Reports and other information which we filed with the SEC, including this annual report on Form 20-F, may be inspected and copied at the public reference room of the SEC at 450 Fifth Street N.W., Washington D.C. 20549.

You can also obtain copies of this annual report on Form 20-F by mail from the Public Reference Section of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington D.C. 20549, at prescribed rates. Additionally, copies of this material may be obtained from the SEC's Internet site at <http://www.sec.gov>. The Commission's telephone number is 1-800-SEC-0330.

As a foreign private issuer, we are exempt from the rules under the U.S. Exchange Act prescribing the furnishing and content of proxy statements and will not be required to file proxy statements with the SEC, and its officers, directors and principal shareholders will be exempt from the reporting and "short swing" profit recovery provisions contained in Section 16 of the U.S. Exchange Act.

## I. Subsidiary Information.

Not applicable.

### ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Ferroglobe operates in an international and cyclical industry which exposes it to a variety of financial risks such as currency risk, liquidity risk, interest rate risk, credit risk and risks relating to the price of finished goods, raw materials and power.

The Company's management model aims to minimize the potential adverse impact of such risks upon the Company's financial performance. Risk is managed by the Company's executive management, supported by the Risk Management, Treasury and Finance functions. The risk management process includes identifying and evaluating financial risks in conjunction with the Company's operations and quantifying them by project, region and subsidiary. Management provides written policies for global risk management, as well as for specific areas such as foreign currency risk, credit risk, interest rate risk, liquidity risk, the use of hedging instruments and derivatives, and investment of surplus liquidity. Ferroglobe does not speculatively enter into or trade derivatives.

#### Market risk

Market risk is the risk that the Company's future cash flows or the fair value of its financial instruments will fluctuate because of changes in market prices. The primary market risks to which the Company is exposed comprise foreign currency risk, interest rate risk and risks related to prices of finished goods, raw materials (principally coal and manganese ore) and power.

#### Foreign exchange rate risk

Ferroglobe generates sales revenue and incurs operating costs in various currencies. The prices of finished goods are to a large extent determined in international markets, primarily in US dollars and Euros. Foreign currency risk is partly mitigated by the generation of sales revenue, the purchase of raw materials and other operating costs being denominated in the same currencies. Although it has done so on occasions in the past, and may decide to do so in the future, the Company does not generally enter into foreign currency derivatives in relation to its operating cash flows.

#### Foreign currency swaps in relation to trade receivables and trade payables

The proportion of foreign currency accounts receivable and accounts payable for which foreign currency swaps had been arranged were as follows at December 31:

	2017	2016
Percentage of accounts receivable in foreign currencies for which currency swaps have been arranged	— %	13.7 %
Percentage of accounts payable in foreign currencies for which currency swaps have been arranged	— %	2.5 %

At December 31, 2017, the Company has no foreign currency swaps in place in respect of foreign currency accounts receivable and accounts payable. The fair value of outstanding foreign currency swaps at December 31, 2016, was €(0.8) million.

The sensitivity of the Company's profit or loss to the impact of changes in the foreign exchange rates on its foreign currency swaps is as follows:

Sensitivity to the EUR/USD exchange rate	2017	2016
+10% (appreciation of the Euro)	—	2.5
-10% (depreciation of the Euro)	—	(2.5)

#### *Notes and cross currency swap*

In February 2017, the Company completed a restructuring of its finances which included the issue of \$350,000 thousand 9.375% senior notes due 2022 and the repayment of certain existing indebtedness denominated in a number of currencies across its subsidiaries. The Company is exposed to foreign exchange risk as the interest and principal of the Notes is payable in US dollars, whereas its operations principally generate a combination of US dollar and Euro cash flows. Following approval by the Board, the Company entered into a cross-currency interest rate swap (the "CCS") to exchange 55% of the principal and interest payments due in US dollars for principal and interest payments in Euros. Under the CCS, on a semi-annual basis the Company will receive interest of 9.375% on a notional of \$192,500 thousand and pay interest of 8.062% on a notional of €176,638 thousand and it will exchange these Euro and US dollar notional amounts at maturity of the Notes in 2022. The timing of payments of interest and principal under the CCS coincide exactly with those of the Notes. The fair value of the CCS at December 31, 2017 was a liability of \$33,648 thousand.

The Parent Company, which has a Euro functional currency, has designated \$150,000 thousand of the notional amount of the CCS as a cash flow hedge of the variability of the Euro functional currency equivalents of the future US dollar cash flows of \$150,000 thousand of the principal amount of the Notes. The remaining \$42,500 thousand of the notional amount of the CCS is not designated as a cash flow hedge and is accounted for at fair value through profit or loss. The Company has performed a sensitivity analysis that indicates that if the Euro was to strengthen (weaken) against the US Dollar by 10% it would record a loss (gain) of \$5,831 thousand in respect of the portion of the CCS accounted for at fair value through profit or loss.

### Interest rate risk

Ferroglobe is exposed to interest rate risk in respect of its financial liabilities that bear interest at floating rates. These primarily comprise credit facilities and obligations under finance leases related to hydroelectrical installations.

At December 31, the Company's interest-bearing financial liabilities were as follows:

	2017		
	Fixed rate	Floating rate	Total
	US\$'000	US\$'000	US\$'000
Bank borrowings	—	1,003	1,003
Obligations under finance leases	—	82,633	82,633
Debt instruments	350,270	—	350,270
Other financial liabilities (*)	86,238	13,153	99,391
	<b>436,508</b>	<b>96,789</b>	<b>533,297</b>

(\*) Other financial liabilities comprise loans from government agencies and exclude derivative financial instruments.

	2016		
	Fixed rate	Floating rate	Total
	US\$'000	US\$'000	US\$'000
Bank borrowings	—	421,291	421,291
Obligations under finance leases (*)	—	5,237	5,237
Debt instruments	—	—	—
Other financial liabilities (**)	75,797	11,563	87,360
	<b>75,797</b>	<b>438,091</b>	<b>513,888</b>

(\*) At December 31, 2016, obligations under finance leases of \$81,383 thousand relating to the Spanish energy business were separately presented in the statement of financial position as part of a disposal group held for sale.

(\*\*) Other financial liabilities comprise loans from government agencies and exclude derivative financial instruments.

The Company's finance leases related to its Spanish hydroelectrical installations bear interest at a floating rate tied to EURIBOR. Prior to the Business Combination, the Company entered into interest rate swaps to fix the interest payable in respect of these lease obligations. During the year ended December 31, 2017, the Company did not enter into any new interest rate derivatives. The market value of the Company's interest rate swap derivatives at December 31, 2017 was \$4,392 thousand, compared to \$6,275 thousand at December 31, 2016.

In respect of the above financial liabilities, at December 31, 2017, the Company had floating to fixed interest rate swaps in place covering 83% of its exposure to floating interest rates (2016: 3%). The increase in the proportion of floating rate financial liabilities covered by interest rate swaps reflects that in February 2017 the Company completed a comprehensive refinancing, replacing floating rate debt with fixed rate debt, and that at December 31, 2016, the Company's obligations under finance leases related to the Spanish energy business and related interest rate swaps were separately classified on the balance sheet as part of a disposal group held for sale.

At December 31, 2017, given that the majority of the Company's interest-bearing financial liabilities are at fixed interest rates and that the Company has interest rate swaps in place in respect of substantially all of its obligations under finance leases, management do not consider that there are reasonably possible changes in interest rates that would have a material impact on the Company's profitability.

At December 31, 2016, the Company performed a sensitivity analysis for floating rate financial liabilities that, taking into consideration the refinancing that occurred in February 2017, indicated that an increase of 1% in interest rates would have given rise to additional borrowing costs of \$1.8 million in 2017.

### **Credit risk**

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss. The Company's main credit risk exposure relates to the following financial assets:

- trade and other receivables; and
- loans and receivables (other financial assets) arising from the Company's accounts receivable securitization program.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The Company has established policies, procedures and controls relating to customer credit risk management. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, the Company insures its trade receivables with reputable credit insurance companies.

Since August 2017, the Company has sold substantially all of the trade receivables generated by its subsidiaries in the U.S., Canada, Spain and France to an accounts receivable securitization program. This has enabled it to monetize these assets earlier than it did previously and significantly reduce working capital.

### **Liquidity risk**

The purpose of the Company's liquidity and financing policy is to ensure that the Company keeps sufficient funds available to meet its financial obligations as they fall due. The Company's main sources of financing are as follows:

- \$350,000 thousand 9.375% senior notes due 2022. The proceeds from the Notes, issued by Ferroglobe and Globe in February 2017, were primarily used to repay certain existing indebtedness of the Parent Company and its subsidiaries. Interest is payable semi-annually on March 1 and September 1 of each year. If Ferroglobe experiences a change of control, the Company is required to offer to redeem the Notes at 101% of their principal amount
- \$200,000 thousand Amended Revolving Credit Facility. Loans under the Amended Revolving Credit Facility may be borrowed, repaid and reborrowed until the maturity of the facility in August 2018. Borrowings are available to be used to provide for the working capital and general corporate requirements of the Parent Company and its subsidiaries (including permitted acquisitions and permitted capital expenditures). At December 31, 2017 the full amount of the facility was available for drawdown. Subsequent to year-end, the facility was replaced by a new \$250,000 thousand revolving credit facility maturing in February 2021.
- Hydroelectric finance lease. In May 2012, the Company entered into a sale and leaseback agreement with respect to certain hydroelectric assets in Spain. The lease payments are due in 120 installments from May 2012 to maturity in May 2022.

To ensure that there are sufficient funds available for the Company to repay its financial obligations as they fall due, each year the Company's Financial Planning and Analysis department prepares a financial budget that is approved by the Board of Directors and details all financing needs and how such financing will be provided. The budget projects the funds necessary for the most significant cash requirements, such as prepayments for capital expenditures, debt repayments and, where applicable, working capital requirements.

**ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES.**

**A. Debt Securities.**

Not applicable.

**B. Warrants and Rights.**

Not applicable.

**C. Other Securities.**

Not applicable.

**D. American Depositary Shares.**

Not applicable.

## PART II

### ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES.

None of these events occurred in any of the years ended December 31, 2017, 2016 and 2015.

### ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS.

Not applicable.

### ITEM 15. CONTROLS AND PROCEDURES.

#### A. Evaluation of disclosure controls and procedures

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the U.S. Exchange Act, that are designed to ensure that information required to be disclosed by the Company in reports that we file or submit under the U.S. Exchange Act is (i) recorded, processed, summarized and reported within the time period specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), as appropriate, to allow timely decisions regarding required disclosure. Disclosure controls and procedures, no matter how well designed, can provide only reasonable assurance of achieving the desired control objectives.

Our principal executive officer and principal financial officer have conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this annual report. Based on that evaluation, they have concluded that, as of the end of the period covered by this annual report, our disclosure controls and procedures were not effective due to the existence of material weaknesses, as described below under "Management's annual report on internal control over financial reporting."

While management corrected significant misstatements identified in our consolidated financial statements for the year ended December 31, 2017, we concluded that these control deficiencies constitute material weaknesses in our control environment in our legacy administration office in Spain and certain other aggregated control activities described below. and that, our internal control over financial reporting was not effective as of December 31, 2017. Notwithstanding the material weaknesses in our internal control over financial reporting described below, management has concluded that the consolidated financial statements included in this annual report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented. Management is actively engaged in the planning for, and implementation of, remediation efforts to address the material weaknesses, as detailed below.

#### B. Management's annual report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the U.S. Exchange Act. Our internal control over financial reporting is designed by management to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of our published consolidated financial statements.

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, management conducted an assessment of the effectiveness of our internal control over financial reporting as of the end of the period covered by this annual report based on criteria established in the *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on those criteria, management concluded that, as of the end of the period covered by this annual report, our internal control over financial reporting is not effective due to the existence of the material weaknesses described below.

## **Material weaknesses in internal control over financial reporting**

A material weakness is a control deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis. In connection with the preparation of the consolidated financial statements as of and for the year ended December 31, 2017, management identified material weaknesses in our internal control over financial reporting, which we are in the process of remediating, as described below.

### *Control Activities*

We did not design and implement effective control activities based on the criteria established in the COSO framework. We have identified deficiencies in the principles associated with the control activities component of the COSO framework. Specifically, these control deficiencies constitute a material weakness in the aggregate, relating to: (i) selecting and developing control activities and information technology that contribute to the mitigation of risks and support achievement of objectives and (ii) deploying control activities through policies that establish what is expected and procedures that put policies into action.

We have identified a significant number of deficiencies in the design and the operating effectiveness of our internal controls, which included (i) an error in the posting of a material asset valuation adjustment, in respect of our Biological Assets, to equity in a subsidiaries financial reporting, which was not identified by our internal controls, (ii) other deficiencies in the controls over the financial closing and reporting process with the potential for material accounting errors in the financial statements and disclosures; and (iii) deficiencies in controls over revenue in respect of inadequate controls over manual invoicing and timely and proper completion of revenue recognition cut-off controls . The material aggregation of internal control deficiencies resulted in our conclusion of a material weakness in the control activities component of the COSO framework.

### *Control Environment*

We did not maintain an effective control environment based on the criteria established in the COSO framework. We have identified deficiencies in the control environment associated with the principles of the COSO framework. Specifically, these control deficiencies constitute a material weakness, relating to our legacy administration office in Spain, responsible for internal control over financial reporting of FerroAtlántica and its subsidiaries:

The following were contributing factors to the material weakness in that control environment:

- We did not maintain an effective control environment to enable the identification and mitigation of risks of material accounting errors, having identified a significant number of deficiencies in control activities in that location included in the above.
- Finance management in that location did not ensure that; (i) there were adequate processes for oversight; (ii) there was accountability for the performance of internal control over financial reporting responsibilities; (iii) identified issues and concerns were raised to appropriate levels within our organization; and (iv) corrective activities were appropriately applied, prioritized, and implemented in a timely manner.

## **Attestation report of the registered public accounting firm**

The report of Deloitte, S.L., our Independent Registered Public Accounting Firm, on our internal control over financial reporting is included herein.



## **Remediation of material weaknesses in internal control over financial reporting for 2017**

The following, remediation efforts are underway to address the material weaknesses identified in 2017.

### *Control Activities*

- Controls over financial closing and reporting will be improved through increased automation of the consolidation process and strengthening of the finance team.
- Manual invoicing controls have been addressed through ensuring there is additional review of invoices raised and will be further addressed through automated workflow approval processes.
- Revenue recognition controls are being simplified through improvement of period end revenue reporting.

### *Control Environment*

- Strengthened oversight will be established from our finance management in our UK head office with formal quarterly reviews of internal control over financial reporting to be held on site in Madrid.
- The Internal Audit function led by the Director of Internal Audit is working with our legacy administration office in Spain, to fully remediate all identified deficiencies including introduction of mitigating controls where necessary.

## **Changes in internal control over financial reporting**

Management has taken the following actions to address the material weaknesses identified in 2016;

- Management has conducted a formal training program at each of our FerroAtlántica subsidiaries with all employees responsible for our internal controls to ensure they have an appropriate level of knowledge of and experience with those controls, specifically, those relating to monitoring, evaluation and accountability, to execute their control responsibilities.
- Management has communicated to all employees the need for effective internal control over financial reporting and has met in person with process owners to reinforce the purpose and importance of controls, review and analyze the identified deficiencies, and promote top-down ownership and accountability over the control environment. This will be reinforced in our legacy administration office in Spain.
- Management engaged external consultants to review and update our internal control processes to ensure that we have the appropriate internal controls in place.
- Management has recruited a Director of Internal Audit who is establishing mechanisms to monitor and evaluate the operating effectiveness of internal controls and ensure execution of proper corrective actions to address any identified control issues in a timely manner. The Director reports directly to the Audit Committee.
- Management implemented new controls in the revenue process, including specific controls addressing revenue recognition related to cut-off. Management assigned a new control owner to review quarter-end sales, verifying that revenue is recognized in the proper period in accordance with the contracted sales terms.

Management believes the measures described above, have significantly improved the control environment and strengthened our internal control over financial reporting during 2017. Further work is required, in particular, to strengthen the environment in our legacy administration office in Spain. Management continues to evaluate and work to improve our internal control over financial reporting, we may decide to take additional measures to address control deficiencies or determine to modify, or, in appropriate circumstances, not to complete, certain of the remediation measures described above.

**ITEM 16. [RESERVED]****ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT.**

See “Item 6.C.—Directors, Senior Management and Employees—Board Practices—Committees of board of directors—Audit Committee.” Our Board of Directors has determined that Mr. Greger Hamilton qualifies as an “audit committee financial expert” under applicable SEC rules.

**ITEM 16B. CODE OF ETHICS.**

Our Board of Directors has adopted a Code of Conduct for our employees, officers and directors to govern their relations with current and potential customers, fellow employees, competitors, government and regulatory agencies, the media, and anyone else with whom Ferroglobe PLC has contact. Our Code of Conduct is publicly available on our website at [www.ferroglobe.com](http://www.ferroglobe.com).

**ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES.**

The following table provides information on the aggregate fees billed by our principal accountant Deloitte or by other firms, to Ferroglobe PLC, classified by type of service rendered for the periods indicated, in thousands of U.S. Dollars:

<b>(\$ thousands)</b>	<b>2017</b>	<b>2016</b>
Audit Fees	4,854	4,805
Audit-Related Fees	507	164
Tax Fees	91	284
All Other Fees	—	17
<b>Total</b>	<b>5,452</b>	<b>5,270</b>

Audit Fees are the aggregate fees billed for professional services in connection with the audit of our consolidated annual financial statements and statutory audits of our subsidiaries’ financial statements under the rules in which our subsidiaries are organized. Also included are quarterly limited reviews, audits of non-recurring transactions, consents and any audit services required for SEC or other regulatory filings.

Audit-Related Fees are fees charged for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements, and are not restricted to those that can only be provided by the auditor signing the audit report. This category comprises fees billed for comfort letters and agreed upon procedures for grants and other financial compliance.

Tax Fees are fees billed for tax compliance, tax review and tax advice on actual or contemplated transactions.

All Other Fees comprises fees billed in relation to financial advisory services and other services not accounted for under other categories.

**Audit Committee’s policy on pre-approval of audit and permissible non-audit services of the independent auditor**

Subject to shareholder approval of the independent auditor, the Audit Committee has the sole authority to appoint, retain or replace the independent auditor. The Audit Committee is also directly responsible for the compensation and oversight of the work of the independent auditor. These policies generally provide that we will not engage our independent auditors to render audit or non-audit services unless the service is specifically approved in advance by the Audit Committee. The Audit Committee’s pre-approval policy, which covers audit and non-audit services provided to us or to any of our subsidiaries, is as follows:

- The Audit Committee shall review and approve in advance the annual plan and scope of work of the independent external auditor, including staffing of the audit, and shall (i) review with the independent external auditor any

audit-related concerns and management's response and (ii) confirm that any examination is performed in accordance with the relevant accounting standards.

The Audit Committee shall pre-approve all audit services and all permitted non-audit services (including the fees and terms thereof) to be performed for us by the independent auditors, to the extent required by law. The Audit Committee may delegate to one or more Committee members the authority to grant pre-approvals for audit and permitted non-audit services to be performed for us by the independent auditor, provided that decisions of such members to grant pre-approvals shall be presented to the full Audit Committee at its next regularly scheduled meeting.

**ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.**

Not applicable.

**ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.**

Not applicable.

**ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT.**

Not applicable.

**ITEM 16G. CORPORATE GOVERNANCE.**

As a "foreign private issuer," as defined by the SEC, although we are permitted to follow certain corporate governance practices of England and Wales, instead of those otherwise required under NASDAQ rules for domestic issuers, we intend to follow the NASDAQ corporate governance rules applicable to foreign private issuers. While we voluntarily follow most NASDAQ corporate governance rules, we intend to take advantage of the following limited exemptions:

- Exemption from filing quarterly reports on Form 10-Q or providing current reports on Form 8-K disclosing significant events within four days of their occurrence.
- Exemption from Section 16 rules regarding sales of ordinary shares by insiders, which will provide less data in this regard than shareholders of U.S. companies that are subject to the U.S. Exchange Act.
- Exemption from the NASDAQ rules applicable to domestic issuers requiring disclosure within four business days of any determination to grant a waiver of the code of business conduct and ethics to directors and officers. Although we will require board approval of any such waiver, we may choose not to disclose the waiver in the manner set forth in the NASDAQ rules, as permitted by the foreign private issuer exemption.
- Exemption from the requirement that our Board have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities. Currently, our Compensation Committee is composed entirely of independent directors, but we are not certain at this time that we would not take advantage of this exception in the future;
- Exemption from the requirements that director nominees are selected, or recommended for selection by our Board, either by (1) independent directors constituting a majority of our Board's independent directors in a vote in which only independent directors participate, or (2) a nominations committee composed solely of independent directors, and that a formal written charter or board resolution, as applicable, addressing the nominations process is adopted.

Furthermore, NASDAQ Rule 5615(a)(3) provides that a foreign private issuer, such as us, may rely on home country corporate governance practices in lieu of certain of the rules in the NASDAQ Rule 5600 Series and Rule 5250(d), provided

that we nevertheless comply with NASDAQ's Notification of Noncompliance requirement (Rule 5625), the Voting Rights requirement (Rule 5640) and that we have an audit committee that satisfies Rule 5605(c)(3), consisting of committee members that meet the independence requirements of Rule 5605(c)(2)(A)(ii). Although we are permitted to follow certain corporate governance rules that conform to England and Wales requirements in lieu of many of the NASDAQ corporate governance rules, we intend to comply with the NASDAQ corporate governance rules applicable to foreign private issuers. Accordingly, our shareholders will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of NASDAQ. We may utilize these exemptions for as long as we continue to qualify as a "controlled company" and foreign private issuer.

For additional information see "Item 6.C.—Directors, Senior Management and Employees—Board Practices."

**ITEM 16H. MINE SAFETY DISCLOSURE**

The information concerning mine safety violations and other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is included in Exhibit 16.1 to this annual report.

**PART III**

**ITEM 17. FINANCIAL STATEMENTS.**

We have elected to provide financial statements pursuant to Item 18.

**ITEM 18. FINANCIAL STATEMENTS.**

Our Consolidated Financial Statements are included at the end of this annual report.

**ITEM 19. EXHIBITS.**

<u>Exhibit No.</u>	<u>Exhibit Description</u>
1.1	<a href="#">Articles of Association of Ferroglobe PLC, dated as of October 26, 2017)</a>
3.1	<a href="#">Amended and Restated Shareholder Agreement, dated as of November 21, 2017, between Grupo VM and Ferroglobe</a>
3.2	<a href="#">Amendment No. 1, dated January 23, 2018, to the Grupo VM Shareholder Agreement, between Grupo VM and Ferroglobe</a>
3.3	<a href="#">Shareholder Agreement, dated as of December 23, 2015, between Alan Kestenbaum, certain of his affiliates and Ferroglobe (incorporated by reference to Exhibit 4.3 to the registration statement on Form F-1 filed by the Company on February 18, 2016)</a>
4.1	<a href="#">Amended and Restated Business Combination Agreement, dated as of May 5, 2015, by and between Globe, Grupo VM, FerroAtlántica, Ferroglobe and Merger Sub (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by Globe with the SEC on May 6, 2015)</a>
4.2	<a href="#">Letter Agreement, dated November 11, 2015, by and among Globe, Grupo VM, FerroAtlántica, Ferroglobe and Merger Sub (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by Globe with the SEC on November 12, 2015)</a>
4.3	<a href="#">First Amendment to Amended and Restated Business Combination Agreement, dated September 10, 2015 (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by Globe with the SEC on September 11, 2015)</a>
4.4	<a href="#">Credit Agreement, dated as of August 20, 2013, among Globe, certain subsidiaries of Globe from time to time party thereto, Citizens Bank of Pennsylvania as Administrative Agent and L/C issuer, RBS Citizens, N.A., PNC Bank, National Association and Wells Fargo Securities, LLC as Joint Lead Arrangers and Joint Book Runners, PNC Bank, National Association and Wells Fargo Bank, National Association, as Co-Syndication Agents, and BBVA Compass Bank, as Documentation Agent, and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Globe with the SEC on August 21, 2013)</a>
4.5	<a href="#">First Amendment to Credit Agreement and Waiver, dated as of February 11, 2016, by and among Globe, certain subsidiaries of Globe party thereto, the various financial institutions from time to time party thereto and Citizens Bank of Pennsylvania, as Administrative Agent (incorporated by reference to Exhibit 10.2 to the registration statement on Form F-1 filed by the Company on February 18, 2016)</a>

<u>Exhibit No.</u>	<u>Exhibit Description</u>
4.6	<a href="#">Second Amendment to Credit Agreement and Limited Waiver Agreement, dated as of December 21, 2016, by and among Globe, certain subsidiaries of Globe party thereto, the various financial institutions from time to time party thereto and Citizens Bank of Pennsylvania, as Administrative Agent (incorporated by reference to Exhibit 4.6 to the annual report on Form 20-F filed by the Company on May 1, 2017)</a>
4.7	<a href="#">Third Amendment to Credit Agreement, dated as of February 15, 2017, by and among Ferroglobe, Globe, certain subsidiaries of Ferroglobe party thereto, the subsidiary guarantors party thereto, the various financial institutions from time to time party thereto and Citizens Bank of Pennsylvania, as Administrative Agent (incorporated by reference to Exhibit 4.7 to the annual report on Form 20-F filed by the Company on May 1, 2017)</a>
4.8	<a href="#">Credit Agreement, dated as of February 27, 2018, among Ferroglobe plc, as borrower, the guarantors party thereto, the lenders party thereto, PNC Bank, National Association, as Administrative Agent, PNC Bank, National Association, as Issuing Lender and Swing Loan Lender, PNC Capital Markets LLC, Citizens Bank, National Association and BMO Capital Markets Corp., as Joint Legal Arrangers and Bookrunners, Citizens Bank, National Association, as Syndication Agent, and BMO Capital Markets Corp., as Documentation Agent</a>
4.9†	<a href="#">Employment Agreement, dated January 27, 2011, between Globe and Alan Kestenbaum (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed by Globe with the SEC on May 12, 2011)</a>
4.10†	<a href="#">Amendment, dated February 22, 2015, to the Employment Agreement, dated January 27, 2011, between Globe and Alan Kestenbaum (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Globe with the SEC on February 23, 2015)</a>
4.11†	<a href="#">Service Agreement, dated June 21, 2016, between Ferroglobe and Javier López Madrid (incorporated by reference to Exhibit 4.10 to the annual report on Form 20-F filed by the Company on May 1, 2017)</a>
4.12†	<a href="#">Amendment, dated February 7, 2017, to the Service Agreement, dated June 21, 2016, between Ferroglobe and Javier López Madrid (incorporated by reference to Exhibit 4.11 to the annual report on Form 20-F filed by the Company on May 1, 2017)</a>
4.13†	<a href="#">Service Agreement, dated June 21, 2016, between Ferroglobe and Pedro Larrea Paguaga</a>
4.14†	<a href="#">2016 Equity Incentive Plan</a>
4.15†	<a href="#">2006 Employee, Director and Consultant Stock Plan (incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-1 filed by Globe with the SEC on July 25, 2008)</a>
4.16†	<a href="#">Amendments to 2006 Employee, Director and Consultant Stock Plan (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q filed by Globe with the SEC on February 11, 2011)</a>
4.17†	<a href="#">2010 Annual Executive Bonus Plan (incorporated by reference to Exhibit 10.15 to the Annual Report on Form 10-K filed by Globe with the SEC on September 28, 2010)</a>
4.18†	<a href="#">2011 Annual Executive Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q filed by Globe with the SEC on May 12, 2011)</a>
4.19†	<a href="#">2012 Long-Term Incentive Plan (incorporated by reference to Exhibit B to Globe's Proxy Statement filed on October 28, 2011)</a>

<u>Exhibit No.</u>	<u>Exhibit Description</u>
4.20†	<a href="#">Form Stock Option Agreement (incorporated by reference to Exhibit 10.13 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)</a>
4.21†	<a href="#">Form Stock Appreciation Right Agreement (incorporated by reference to Exhibit 10.14 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)</a>
4.22†	<a href="#">Form Restricted Stock Unit Grant Agreement (cash settled) (incorporated by reference to Exhibit 10.15 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)</a>
4.23†	<a href="#">Form Restricted Stock Unit Grant Agreement (stock settled) (incorporated by reference to Exhibit 10.16 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)</a>
4.24	<a href="#">IT Services Agreement, dated as of January 1, 2004, between FerroAtlántica and Espacio Information Technology S.A. (incorporated by reference to Exhibit 10.17 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)</a>
4.25	<a href="#">IT Outsourcing Agreement, dated as of June 26, 2014, between FerroAtlántica de Mexico and Espacio Information Technology S.A. (incorporated by reference to Exhibit 10.18 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)</a>
4.26	<a href="#">IT Services Agreement, in force since January 1, 2006, between FerroPem S.A.S. and Espacio Information Technology S.A. (incorporated by reference to Exhibit 10.19 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)</a>
4.27	<a href="#">Outsourcing Agreement, in force since January 1, 2009, between Silicon Smelters (Pty.) Ltd. and Espacio Information Technology S.A. (incorporated by reference to Exhibit 10.20 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)</a>
4.28	<a href="#">Advisory Services Agreement, dated as of April 15, 2013, between FerroAtlántica S.A.U. and Villar Mir Energía S.L. (incorporated by reference to Exhibit 10.21 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)</a>
4.29	<a href="#">Advisory Services Agreement, dated as of April 15, 2013, between Hidro Nitro Española S.A. and Villar Mir Energía S.L. (incorporated by reference to Exhibit 10.22 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)</a>
4.30	<a href="#">Framework agreement for the supply of electricity to the Boo de Guarnizo facility (Cantabria) executed on June 22, 2010, between FerroAtlántica, S.A.U. and Villar Mir Energía S.L., as amended by the amendments provided to Globe (incorporated by reference to Exhibit 10.23 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)</a>
4.31	<a href="#">Framework Agreement, dated as of December 27, 2012, between Hidro Nitro Española S.A. and Villar Mir Energía S.L. (incorporated by reference to Exhibit 10.24 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)</a>

<u>Exhibit No.</u>	<u>Exhibit Description</u>
4.32	<a href="#">Framework Agreement, dated as of December 29, 2010, between FerroAtlántica S.A.U. and Villar Mir Energía S.L. (incorporated by reference to Exhibit 10.25 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)</a>
4.33	<a href="#">Lease Agreement, dated as of August 9, 2007, between Torre Espacio Castellana S.A and FerroAtlántica S.L.U. (incorporated by reference to Exhibit 10.26 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)</a>
4.34	<a href="#">Lease Agreement, dated as of April 2, 2012, between Torre Espacio Castellana S.A and FerroAtlántica S.L.U. (incorporated by reference to Exhibit 10.27 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)</a>
4.35	<a href="#">Representation Contract, dated as of June 30, 2012, between Enérgya VM Generación S.L. and FerroAtlántica S.A.U. (incorporated by reference to Exhibit 10.28 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)</a>
4.36	<a href="#">Representation Contract, dated as of June 30, 2012, between Enérgya VM Generación S.L. and Hidro Nitro Española S.A. (incorporated by reference to Exhibit 10.29 to Amendment No. 1 to the Registration Statement on Form F-4 filed by Ferroglobe (formerly known as VeloNewco Limited) with the SEC on June 24, 2015)</a>
4.37	<a href="#">Registration Rights Agreement, dated as of December 23, 2015, among Ferroglobe, Grupo VM and Alan Kestenbaum (incorporated by reference to Exhibit 10.27 to the registration statement on Form F-1 filed by the Company on February 18, 2016)</a>
4.38	<a href="#">Indenture governing the \$350,000,000 aggregate principal amount of 9.375% Senior Notes due 2022, dated as of February 15, 2017, among Ferroglobe and Globe, the Guarantors party thereto and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.35 to the annual report on Form 20-F filed by the Company on May 1, 2017)</a>
8.1	<a href="#">List of Significant Subsidiaries (incorporated by reference to Exhibit 21.1 to the registration statement on Form F-1 filed by the Company on February 18, 2016)</a>
12.1	<a href="#">Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
12.2	<a href="#">Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
13.1	<a href="#">Certification of the Principal Executive Officers and Principal Financial Officer Pursuant to 18 U.S.C. 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
15.1	<a href="#">Consent of Deloitte, S.L., Independent Registered Public Accounting Firm for Ferroglobe PLC</a>
16.1	<a href="#">Mine Safety and Health Administration Safety Data</a>
101	Interactive Data Files (formatted in XBRL (Extensible Business Reporting Language) and furnished electronically)

---

† Management contract or compensatory plan or arrangement



**SIGNATURE**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Date: April 30, 2018

Ferroglobe PLC  
(Registrant)

By: /s/ Pedro Larrea Paguaga  
Pedro Larrea Paguaga  
Principal Executive Officer

By: /s/ Joseph Ragan  
Joseph Ragan  
Principal Accounting Officer

**FERROGLOBE PLC**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**Consolidated Financial Statements as of December 31, 2017 and 2016 and for each of the three years ended  
December 31, 2017, 2016 and 2015**

<a href="#">Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements as of December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017, 2016, and 2015</a>	F-2
<a href="#">Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting as of December 31, 2017</a>	F-3
<a href="#">Consolidated Statement of Financial Position as of December 31, 2017 and 2016</a>	F-5
<a href="#">Consolidated Income Statement for the years ended December 31, 2017, 2016 and 2015</a>	F-6
<a href="#">Consolidated Statement of Comprehensive Income (Loss) for the years ended December 31, 2017, 2016 and 2015</a>	F-7
<a href="#">Consolidated Statement of Changes in Equity for the years ended December 31, 2017, 2016 and 2015</a>	F-8
<a href="#">Consolidated Statement of Cash Flows for the years ended December 31, 2017, 2016 and 2015</a>	F-9
<a href="#">Notes to the Consolidated Financial Statements</a>	F-10

---

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Ferroglobe PLC

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated statements of financial position of Ferroglobe PLC and subsidiaries (the "Company") as of December 31, 2017 and 2016, and the related consolidated income statements, the consolidated statements of comprehensive income (loss), the consolidated statements of changes in equity, and the consolidated statements of cash flows for each of the three years in the period ended December 31, 2017 and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS-IASB").

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 30, 2018, expressed an adverse opinion on the Company's internal control over financial reporting because of material weaknesses.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte, S.L.  
Madrid, Spain  
April 30, 2018

We have served as the Company's auditor since 1992.

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Ferroglobe PLC

### **Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of Ferroglobe PLC and subsidiaries (the "Company") as of December 31, 2017, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, because of the effect of the material weaknesses identified below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2017 of the Company and our report dated April 30, 2018, expressed an unqualified opinion on those financial statements.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### **Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Material Weaknesses**

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements

will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment: There were an ineffective control environment and improper implementation of control activities. Specifically, the control environment at a certain level of the organization did not ensure that; (i) there were adequate processes for oversight; (ii) there was accountability for the performance of internal control over financial reporting responsibilities; (iii) identified issues and concerns were raised to appropriate levels within the organization; and (iv) corrective activities were appropriately applied, prioritized, and implemented in a timely manner. Furthermore there were ineffective control activities due to the significant number of control deficiencies which included (i) an error in the posting of a material asset valuation adjustment, in respect of the Biological Assets, to equity in a subsidiaries financial reporting, which was not identified by the internal controls, (ii) other deficiencies in the controls over the financial closing and reporting process with the potential for material accounting errors in the financial statements and disclosures; and (iii) deficiencies in controls over revenue in respect of inadequate controls over manual invoicing and timely and proper completion of revenue recognition cut-off controls. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements as of and for the year ended December 31, 2017 of the Company, and this report does not affect our report on such financial statements.

/s/ Deloitte, S.L.  
Madrid, Spain  
April 30, 2018

**FERROGLOBE PLC AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2017 AND 2016**  
**Thousands of U.S. Dollars**

	Notes	2017 US\$'000	2016 US\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	Note 7	205,287	230,210
Other intangible assets	Note 8	58,658	62,839
Property, plant and equipment	Note 9	917,974	781,606
Other non-current financial assets	Note 10	89,315	5,823
Non-current financial assets from related parties	Note 23	—	9,845
Deferred tax assets	Note 22	5,273	44,950
Non-current receivables from related parties	Note 23	2,400	2,108
Other non-current assets	Note 12	30,059	20,245
<b>Total non-current assets</b>		<b>1,308,966</b>	<b>1,157,626</b>
<b>Current assets</b>			
Inventories	Note 11	361,231	316,702
Trade and other receivables	Note 10	111,463	209,406
Current receivables from related parties	Note 23	4,572	11,971
Current income tax assets		17,158	19,869
Other current financial assets	Note 10	2,469	4,049
Other current assets	Note 12	9,926	9,810
Cash and cash equivalents		184,472	196,931
Assets and disposal groups classified as held for sale	Note 29	—	92,937
<b>Total current assets</b>		<b>691,291</b>	<b>861,675</b>
<b>Total assets</b>		<b>2,000,257</b>	<b>2,019,301</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		1,796	1,795
Reserves		996,380	1,332,428
Translation differences		(164,675)	(217,423)
Valuation adjustments		(16,799)	(11,887)
Result attributable to the Parent		(678)	(338,427)
Non-controlling interests		121,734	125,556
<b>Total equity</b>	Note 13	<b>937,758</b>	<b>892,042</b>
<b>Non-current liabilities</b>			
Deferred income		3,172	3,949
Provisions	Note 15	82,397	81,957
Bank borrowings	Note 16	—	179,473
Obligations under finance leases	Note 17	69,713	3,385
Debt instruments	Note 18	339,332	—
Other financial liabilities	Note 19	49,011	86,467
Other non-current liabilities	Note 21	3,536	5,737
Deferred tax liabilities	Note 22	65,142	139,535
<b>Total non-current liabilities</b>		<b>612,303</b>	<b>500,503</b>
<b>Current liabilities</b>			
Provisions	Note 15	33,095	19,627
Bank borrowings	Note 16	1,003	241,818
Obligations under finance leases	Note 17	12,920	1,852
Debt instruments	Note 18	10,938	—
Other financial liabilities	Note 19	88,420	1,592
Payables to related parties	Note 23	12,973	30,738
Trade and other payables	Note 20	192,859	157,706
Current income tax liabilities		7,419	961
Other current liabilities	Note 21	90,569	64,780
Liabilities associated with assets held for sale	Note 29	—	107,682
<b>Total current liabilities</b>		<b>450,196</b>	<b>626,756</b>
<b>Total equity and liabilities</b>		<b>2,000,257</b>	<b>2,019,301</b>

Notes 1 to 30 are an integral part of the consolidated financial statements

**FERROGLOBE PLC AND SUBSIDIARIES**
**CONSOLIDATED INCOME STATEMENT FOR 2017, 2016 AND 2015**
**Thousands of U.S. Dollars**

	Notes	2017 US\$'000	2016 (*) US\$'000	2015 (*) US\$'000
Sales	Note 25.1	1,741,693	1,576,037	1,316,590
Cost of sales		(1,043,395)	(1,043,412)	(818,736)
Other operating income		18,199	26,215	15,751
Staff costs	Note 25.2	(301,963)	(296,399)	(205,869)
Other operating expense		(239,926)	(243,946)	(200,296)
Depreciation and amortization charges, operating allowances and write-downs	Note 25.3	(104,529)	(125,677)	(67,050)
<b>Operating profit (loss) before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other losses</b>	Note 4.16	<b>70,079</b>	<b>(107,182)</b>	<b>40,390</b>
Impairment losses	Note 25.5	(30,957)	(268,089)	(52,042)
Net gain (loss) due to changes in the value of assets	Note 25.5	7,504	1,891	(912)
(Loss) gain on disposal of non-current assets	Note 25.6	(4,316)	340	(2,214)
Other losses	Note 29	(2,613)	(40)	(347)
<b>Operating profit (loss)</b>		<b>39,697</b>	<b>(373,080)</b>	<b>(15,125)</b>
Finance income	Note 25.4	3,708	1,536	1,096
Finance costs	Note 25.4	(65,412)	(30,251)	(30,405)
Financial derivative loss	Note 19	(6,850)	—	—
Exchange differences		8,214	(3,513)	35,904
<b>Loss before tax</b>		<b>(20,643)</b>	<b>(405,308)</b>	<b>(8,530)</b>
Income tax benefit (expense)	Note 22	14,821	46,695	(49,942)
<b>Loss for the year</b>		<b>(5,822)</b>	<b>(358,613)</b>	<b>(58,472)</b>
Loss attributable to non-controlling interests	Note 13	5,144	20,186	15,204
<b>Loss attributable to the Parent</b>		<b>(678)</b>	<b>(338,427)</b>	<b>(43,268)</b>
<b>Earnings per share</b>				
		<b>2017</b>	<b>2016 (*)</b>	<b>2015 (*)</b>
Loss attributable to the Parent		(678)	(338,427)	(43,268)
Weighted average basic shares outstanding		171,949,128	171,838,153	99,699,262
<b>Basic loss per ordinary share</b>	Note 14	<b>—</b>	<b>(1.97)</b>	<b>(0.43)</b>
Weighted average basic shares outstanding		171,949,128	171,838,153	99,699,262
Effect of dilutive securities		—	—	—
Weighted average dilutive shares outstanding		171,949,128	171,838,153	99,699,262
<b>Diluted loss per ordinary share</b>	Note 14	<b>—</b>	<b>(1.97)</b>	<b>(0.43)</b>

(\*) The amounts for prior periods have been re-presented to show the results of the Spanish energy business within income (loss) from continuing operations, as described in Note 1 to the consolidated financial statements.

Notes 1 to 30 are an integral part of the consolidated financial statements

## FERROGLOBE PLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS) FOR 2017, 2016 AND 2015  
Thousands of U.S. Dollars

	2017 US\$'000	2016 US\$'000	2015 US\$'000
<b>Net loss</b>	<b>(5,822)</b>	<b>(358,613)</b>	<b>(58,472)</b>
<b>Items that will not be reclassified subsequently to income or loss:</b>			
Defined benefit obligation	4,511	4,297	756
<b>Total</b>	<b>4,511</b>	<b>4,297</b>	<b>756</b>
<b>Items that may be reclassified subsequently to income or loss:</b>			
Arising from cash flow hedges	(24,171)	—	(990)
Translation differences	54,670	(319)	(18,435)
Tax effect	—	—	(189)
<b>Total income and expense recognized directly in equity</b>	<b>30,499</b>	<b>(319)</b>	<b>(19,614)</b>
<b>Items that have been reclassified to income or loss in the period:</b>			
Arising from cash flow hedges	15,138	3,002	3,155
Tax effect	(390)	(751)	(884)
<b>Total transfers to income or loss</b>	<b>14,748</b>	<b>2,251</b>	<b>2,271</b>
<b>Other comprehensive income (loss) for the year, net of income tax</b>	<b>49,758</b>	<b>6,229</b>	<b>(16,587)</b>
<b>Total comprehensive income (loss) for the year</b>	<b>43,936</b>	<b>(352,384)</b>	<b>(75,059)</b>
Attributable to the Parent	47,158	(332,198)	(59,855)
Attributable to non-controlling interests	(3,222)	(20,186)	(15,204)

Notes 1 to 30 are an integral part of the consolidated financial statements



**FERROGLOBE PLC AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2017, 2016 AND 2015**  
**Thousands of U.S. Dollars**

	Total Amounts Attributable to Owners								
	Shares (Thousands)	Share Capital US\$'000	Reserves US\$'000	Translation Differences US\$'000	Valuation Adjustments US\$'000	Result for the Year US\$'000	Interim Dividend US\$'000	Non-controlling Interests US\$'000	Total US\$'000
<b>Balance at January 1, 2015</b>	<b>200</b>	<b>285,760</b>	<b>393,356</b>	<b>(152,530)</b>	<b>(20,283)</b>	<b>38,437</b>	<b>(55,041)</b>	<b>17,978</b>	<b>507,677</b>
Comprehensive (loss) income for 2015	—	—	—	(18,435)	1,848	(43,268)	—	(15,204)	(75,059)
Business combination	171,638	553,200	244,838	—	—	—	—	144,533	942,571
FerroAtlántica share exchange	—	449,827	(449,827)	—	—	—	—	—	—
Share issuance costs	—	—	(9,414)	—	—	—	—	—	(9,414)
Dividends paid	—	—	(76,520)	—	—	—	55,041	—	(21,479)
Distribution of 2014 profit	—	—	38,437	—	—	(38,437)	—	—	—
Other changes	—	—	2,300	(46,139)	—	—	—	(5,484)	(49,323)
<b>Balance at December 31, 2015</b>	<b>171,838</b>	<b>1,288,787</b>	<b>143,170</b>	<b>(217,104)</b>	<b>(18,435)</b>	<b>(43,268)</b>	<b>—</b>	<b>141,823</b>	<b>1,294,973</b>
Comprehensive (loss) income for 2016	—	—	—	(319)	6,548	(338,427)	—	(20,186)	(352,384)
Share decrease (net effect)	—	(1,287,068)	1,287,068	—	—	—	—	—	—
Share issuance costs	—	—	(275)	—	—	—	—	—	(275)
Dividends paid	—	—	(54,988)	—	—	—	—	—	(54,988)
Distribution of 2015 loss	—	—	(43,268)	—	—	43,268	—	—	—
Other changes	—	76	721	—	—	—	—	3,919	4,716
<b>Balance at December 31, 2016</b>	<b>171,838</b>	<b>1,795</b>	<b>1,332,428</b>	<b>(217,423)</b>	<b>(11,887)</b>	<b>(338,427)</b>	<b>—</b>	<b>125,556</b>	<b>892,042</b>
Comprehensive (loss) income for 2017	—	—	—	52,748	(4,912)	(678)	—	(3,222)	43,936
Issue of share capital	139	1	179	—	—	—	—	—	180
Share-based compensation	—	—	2,405	—	—	—	—	—	2,405
Distribution of 2016 loss	—	—	(338,427)	—	—	338,427	—	—	—
Dividends paid to joint venture partner (see Note 13)	—	—	—	—	—	—	—	(7,350)	(7,350)
Non-controlling interest arising on the acquisition of FerroSolar Opco Group S.L.	—	—	—	—	—	—	—	6,750	6,750
Other changes	—	—	(205)	—	—	—	—	—	(205)
<b>Balance at December 31, 2017</b>	<b>171,977</b>	<b>1,796</b>	<b>996,380</b>	<b>(164,675)</b>	<b>(16,799)</b>	<b>(678)</b>	<b>—</b>	<b>121,734</b>	<b>937,758</b>

Notes 1 to 30 are an integral part of the consolidated financial statements

**FERROGLOBE PLC AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2017, 2016 AND 2015**  
**Thousands of U.S. Dollars**

	2017 US\$'000	2016 US\$'000	2015 US\$'000
<b>Cash flows from operating activities:</b>			
<b>Loss for the year</b>	<b>(5,822)</b>	<b>(358,613)</b>	<b>(58,472)</b>
<b>Adjustments to reconcile net loss to net cash provided by operating activities:</b>			
Income tax (benefit) expense	(14,821)	(46,695)	49,942
Depreciation and amortization charges, operating allowances and write-downs	104,529	125,677	67,050
Finance income	(3,708)	(1,536)	(1,096)
Finance costs	65,412	30,251	30,405
Financial derivative loss	6,850	—	—
Exchange differences	(8,214)	3,513	(35,904)
Impairment losses	30,957	268,089	52,042
(Gain) loss due to changes in the value of assets	(7,504)	(1,891)	912
Loss (gain) on disposal of non-current assets	4,316	(340)	2,214
Share-based compensation	2,405	—	—
Other loss (gain)	2,613	40	(1,968)
<b>Changes in operating assets and liabilities:</b>			
(Increase) decrease in inventories	(16,274)	108,207	89,199
Decrease in trade receivables	50,168	56,297	60,715
Increase (decrease) in trade payables	17,613	28,572	(17,028)
Other amounts paid due to operating activities	(12,251)	(50,001)	(20,189)
Income tax paid	(26,764)	(10,933)	(41,968)
Interest paid	(39,130)	(29,468)	(30,405)
<b>Net cash provided by operating activities</b>	<b>150,375</b>	<b>121,169</b>	<b>145,449</b>
<b>Cash flows from investing activities:</b>			
<b>Payments due to investments:</b>			
Other intangible assets	(811)	(4,914)	(4,539)
Property, plant and equipment	(74,616)	(71,119)	(68,521)
Non-current financial assets	(343)	(9,807)	—
Current financial assets	—	(105)	—
<b>Disposals:</b>			
Intangible assets	—	—	8,140
Property, plant and equipment	—	—	5,446
Non-current financial assets	—	11	1,465
Current financial assets	—	99	216
Interest received	952	1,554	1,096
Other amounts paid due to investing activities	—	—	(3,046)
Net cash inflow on acquisition of subsidiaries	—	—	77,709
<b>Net cash used by investing activities</b>	<b>(74,818)</b>	<b>(84,281)</b>	<b>17,966</b>
<b>Cash flows from financing activities:</b>			
Dividends paid	—	(54,988)	(21,479)
Payment for share issue and registration cost	—	—	(9,414)
Payment for debt issuance costs	(16,765)	—	—
Proceeds from debt issuance	350,000	—	—
<b>Increase (decrease) in bank borrowings:</b>			
Borrowings	31,455	124,384	84,229
Payments	(453,948)	(81,237)	(139,619)
Proceeds from stock option exercises	180	—	—
Other amounts (paid) received due to financing activities	(24,319)	61,758	(1,310)
<b>Net cash (used) provided by financing activities</b>	<b>(113,397)</b>	<b>49,917</b>	<b>(87,593)</b>
<b>Total net cash flows for the year</b>	<b>(37,840)</b>	<b>86,805</b>	<b>75,822</b>
Beginning balance of cash and cash equivalents	196,982	116,666	48,651
Exchange differences on cash and cash equivalents in foreign currencies	25,330	(6,489)	(7,807)
<b>Ending balance of cash and cash equivalents</b>	<b>184,472</b>	<b>196,982</b>	<b>116,666</b>
<b>Ending balance of cash and cash equivalents from statement of financial position</b>	<b>184,472</b>	<b>196,931</b>	<b>116,666</b>
<b>Ending balance of cash and cash equivalents included within assets and disposal groups classified as held for sale</b>	<b>—</b>	<b>51</b>	<b>—</b>

Notes 1 to 30 are an integral part of the consolidated financial statements

## **Ferroglobe PLC and Subsidiaries**

### **Notes to the Consolidated Financial Statements**

**December 31, 2017, 2016, and 2015**

**(U.S. Dollars in thousands, except share and per share data)**

#### **1. General information**

Ferroglobe PLC and subsidiaries (the “Company” or “Ferroglobe”) is among the world’s largest producers of silicon metal and silicon-based alloys, important ingredients in a variety of industrial and consumer products. The Company’s customers include major silicone chemical, aluminum and steel manufacturers, auto companies and their suppliers, ductile iron foundries, manufacturers of photovoltaic solar cells and computer chips, and concrete producers. Additionally, the Company has been operating hydroelectric plants (hereinafter “energy business”) in Spain and France.

Ferroglobe PLC (the “Parent Company” or “the Parent”) is a public limited company that was incorporated in the United Kingdom on February 5, 2015 (formerly named ‘Velonewco Limited’). The Parent’s registered office is 2nd Floor West Wing, Lansdowne House, 57 Berkeley Square, London (United Kingdom).

On December 23, 2015, Ferroglobe PLC consummated the acquisition (“Business Combination”) of Globe Specialty Metals, Inc. and subsidiaries (“GSM” or “Globe”) and Grupo FerroAtlántica, S.A.U. (“Grupo FerroAtlántica” or “FerroAtlántica” or the “Predecessor”). FerroAtlántica is considered the Predecessor under applicable SEC rules and regulations.

For fiscal year 2015, Ferroglobe’s consolidated financial statements contain the combined results of the Parent Company for the period from February 5, 2015 (inception of the Company) to December 31, 2015, FerroAtlántica as of and for the year ended December 31, 2015, and GSM for the period of 8 days as of and ended December 31, 2015.

#### **Presentation of results of Spanish energy business**

As described in Note 29 of these financial statements, the Company signed an agreement for the sale of its Spanish energy business on December 12, 2016. The results of operations of the division were previously presented as a discontinued operation in the consolidated financial statements for the years ended December 31, 2016 and 2015 and the assets and liabilities of the business are classified as held for sale in accordance with requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations as of December 31, 2016. Subsequently, in July 2017, the Company announced that it did not receive the necessary regulatory approvals to divest of these assets and the sale did not proceed. Accordingly, the results of Spanish energy business are presented within continuing operations for the year ended December 31, 2017 and the consolidated income statements for prior periods have been re-presented to show the results of the Spanish energy business within income from continuing operations.

#### **2. Organization and Subsidiaries**

Ferroglobe has a diversified production base consisting of production facilities across the United States, Europe, South America, South Africa and Asia.

The subsidiaries of Ferroglobe as of December 31, 2017, classified by business activity, were as follows:

	Percentage of Ownership		Line of Business	Registered
	Direct	Total		
Alabama Sand and Gravel, Inc. (2)	—	100.0	Electrometallurgy - North America	Delaware - USA
Alden Resources, LLC (2)	—	100.0	Electrometallurgy - North America	Delaware - USA
Alden Sales Corporation, LLC (2)	—	100.0	Electrometallurgy - North America	Delaware - USA
Core Metals Group Holdings, LLC (2)	—	100.0	Electrometallurgy - North America	Delaware - USA
Core Metals Group, LLC (2)	—	100.0	Electrometallurgy - North America	Delaware - USA
Gatliff Services, LLC (2)	—	100.0	Electrometallurgy - North America	Delaware - USA
GBG Holdings, LLC (2)	—	100.0	Electrometallurgy - North America	Delaware - USA
Globe Metallurgical Inc. (2)	—	100.0	Electrometallurgy - North America	Delaware - USA
Globe Metals Enterprises, Inc. (2)	—	100.0	Electrometallurgy - North America	Delaware - USA
GSM Alloys I, Inc. (2)	—	100.0	Electrometallurgy - North America	Delaware - USA
GSM Alloys II, Inc. (2)	—	100.0	Electrometallurgy - North America	Delaware - USA
GSM Enterprises Holdings, Inc. (2)	—	100.0	Electrometallurgy - North America	Delaware - USA
LF Resources, Inc. (2)	—	100.0	Electrometallurgy - North America	Delaware - USA
Norchem, Inc. (2)	—	100.0	Electrometallurgy - North America	Florida - USA
QSIP Canada ULC (2)	—	100.0	Electrometallurgy - North America	Canada
Quebec Silicon LP (2)	—	51.0	Electrometallurgy - North America	Canada
Tennessee Alloys Company, LLC (2)	—	100.0	Electrometallurgy - North America	Delaware - USA
West Virginia Alloys, Inc. (2)	—	100.0	Electrometallurgy - North America	Delaware - USA
WVA Manufacturing, LLC (2)	—	51.0	Electrometallurgy - North America	Delaware - USA
Cuarzos Industriales, S.A.U.	—	100.0	Electrometallurgy - Europe	A Coruña - Spain
FerroAtlántica, S.A.U. - Electrometallurgy (1)	—	100.0	Electrometallurgy - Europe	Madrid - Spain
FerroPem, S.A.S.	—	100.0	Electrometallurgy - Europe	France
Grupo FerroAtlántica, S.A.U	100	100.0	Electrometallurgy - Europe	Madrid - Spain
Hidro-Nitro Española, S.A. - Electrometallurgy (1)	—	100.0	Electrometallurgy - Europe	Madrid - Spain
Rocas, Arcillas y Minerales, S.A.	—	66.7	Electrometallurgy - Europe	A Coruña - Spain
Rebone Mining (Pty.) Ltd.	—	100.0	Electrometallurgy - South Africa	Polokwane - South Africa
Silicon Smelters (Pty.) Ltd.	—	100.0	Electrometallurgy - South Africa	Polokwane - South Africa
Silicon Technology (Pty.) Ltd.	—	100.0	Electrometallurgy - South Africa	South Africa
Thaba Chueu Mining (Pty.) Ltd.	—	74.0	Electrometallurgy - South Africa	Polokwane - South Africa
Cuarzos Industriales de Venezuela (Cuarzoven), S.A.	—	100.0	Other segments	Venezuela
FerroAtlántica de Venezuela (FerroVen), S.A.	—	90.0	Other segments	Venezuela
Actifs Solaires Bécancour, Inc	—	100.0	Other segments	Canada
Emix, S.A.S.	—	100.0	Other segments	France
FerroAtlántica Brasil Mineração Ltda.	—	70.0	Other segments	Brazil
FerroAtlántica Canada Company Ltd	—	100.0	Other segments	Canada
FerroAtlántica de México, S.A. de C.V.	—	100.0	Other segments	Nueva León - Mexico
FerroAtlántica Deutschland, GmbH	—	100.0	Other segments	Germany
FerroAtlántica I+D, S.L.U.	—	100.0	Other segments	Madrid - Spain
FerroAtlántica India Private Limited	—	100.0	Other segments	India
FerroAtlántica y Cia., F. de Ferroaleac. y Metales, S.C.	—	100.0	Other segments	Madrid - Spain
FerroAtlántica, S.A.U. - Other segments - Energy (1)	—	100.0	Other segments	Madrid - Spain
FerroAtlántica International Ltd	—	100.0	Other segments	United Kingdom
Ferroglobe Services plc	100	100.0	Other segments	United Kingdom
FerroManganese Mauritania SARL	—	10.0	Other segments	Mauritania
Ferroquartz Company Ltd	—	100.0	Other segments	Canada
Ferroquartz Holdings, Ltd	—	100.0	Other segments	Hong Kong
FerroQuartz Mauritania SARL	—	90.0	Other segments	Mauritania
FerroQuébec, Inc.	—	100.0	Other segments	Canada
FerroTambao, SARL	—	90.0	Other segments	Burkina Faso
Ferrosolar OPCO Group SL. (3)	—	75.0	Other segments	Spain
Ferrosolar R&D SL. (3)	—	51.0	Other segments	Spain
Ganzi FerroAtlántica Silicon Industry Company, Ltd.	—	75.0	Other segments	YuanYangba, Kanding Country - Sichuan -China
Globe Metales S.A. (2)	—	100.0	Other segments	Argentina
Globe Specialty Metals, Inc. (2)	100	100.0	Other segments	Delaware - USA
Hidro-Nitro Española, S.A. - Other segments - Energy (1)	—	100.0	Other segments	Madrid - Spain
Mangshi FerroAtlántica Mining Industry Service CompanyLtd	—	100.0	Other segments	MangShi, Dehong -Yunnan -China
MangShi Sinice Silicon Industry Company Limited	—	100.0	Other segments	MangShi, Dehong -Yunnan -China
Ningxia Yongvey Coal Industrial Co., Ltd. (2)	—	98.0	Other segments	China

- (1) FerroAtlántica, S.A.U. and Hidro Nitro Española, S.A. carry on business activities in both the Electrometallurgy – Europe and Other segments – Energy.
- (2) Entered to the scope of consolidation during 2015 as a result of the business combination (GSM subsidiary).
- (3) Entered to the scope of consolidation during 2017.

Subsidiaries are all companies over which Ferroglobe has control.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect the amount of the investor’s returns.

The Company has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the total voting rights held by the Company relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time these decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

The Company uses the acquisition method to account for the acquisition of subsidiaries. According to this method, the consideration transferred for the acquisition of a subsidiary corresponds to the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration transferred by the Company is recognized at fair value at the date of acquisition. Subsequent changes in the fair value of the contingent consideration classified as an asset or a liability are recognized in accordance with IAS 39 either in the income statement or in the statement of comprehensive (loss) income. The costs related to the acquisition are recognized as expenses in the years incurred. The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are initially recognized at their fair value at the date of acquisition. The Company recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Profit or loss for the period and each component of other comprehensive (loss) income are attributed to the owners of the Company and to the non-controlling interests. The Company attributes total comprehensive (loss) income to the owners of the Company and to the non-controlling interests even if the profit or loss of the non-controlling interests gives rise to a balance receivable.

All assets and liabilities, equity, income, expenses and cash flows relating to transactions between subsidiaries are eliminated in full in consolidation.

### **3. Basis of presentation and basis of consolidation**

#### ***3.1 Basis of presentation***

These consolidated financial statements have been issued in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee (collectively "IFRS").

The consolidated financial statements have been authorized for issuance on April 30, 2018.

All accounting policies and measurement bases with effect on the consolidated financial statements were applied in their preparation.

The consolidated financial statements were prepared on a historical cost basis, with the exceptions disclosed in the notes to the consolidated financial statements, where applicable, and in those situations where IFRS requires that financial assets and financial liabilities are valued at fair value.

### 3.2 International financial reporting standards

#### Application of new accounting standards

- a) Standards, interpretations and amendments effective from January 1, 2017, applied by the Company in the preparation of these consolidated financial statements:
- IAS 12 (Amendment) 'Recognition for Deferred Tax for Unrealized Losses'. This amendment is mandatory for annual periods beginning on or after January 1, 2017, earlier application is permitted.
  - IAS 7 (Amendment) 'Disclosure Initiative'. This amendment is mandatory for annual periods beginning on or after January 1, 2017, earlier application is permitted.
  - Annual improvements cycle to IFRS 2014-2016, beginning on or after January 1, 2017.

The applications of these amendments have not had any material impact on these consolidated financial statements.

- b) Standards, interpretations and amendments that will be effective for periods beginning on or after January 1, 2018:
- IFRS 9 'Financial Instruments'. This Standard will be effective from January 1, 2018, earlier applications is permitted.
  - IFRS 15 'Revenue from Contracts with Customers'. IFRS 15 is applicable for annual periods beginning on or after January 1, 2018, earlier application is permitted.
  - IFRS 16 'Leases'. This Standard is applicable for annual periods beginning on or after January 1, 2019, earlier application is permitted, but conditioned to the application of IFRS 15.
  - IFRS 15 (Amendment) 'Clarifications to IFRS 15 Revenue from Contracts with Customers'. This amendment is mandatory for annual periods beginning on or after January 1, 2018, earlier application is permitted.
  - IFRS 2 (Amendment) 'Classification and Measurement of Share-based Payment Transactions'. This amendment is mandatory for annual periods beginning on or after January 1, 2018, earlier application is permitted.
  - IFRS 4 (Amendment). Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'. This amendment is mandatory for annual periods beginning on or after January 1, 2018, earlier application is permitted.
  - IFRIC Interpretation 22 'Foreign Currency Transactions and Advance Consideration', mandatory for annual periods beginning on or after January 1, 2018, earlier application is permitted.
  - IFRIC Interpretation 23 'Uncertainty over Income Tax Treatments', mandatory for annual periods beginning on or after January 1, 2019, earlier application is permitted.
  - IAS 19 (Amendment) 'Plan Amendment, Curtailment or Settlement' This amendment is mandatory for annual periods beginning on or after January 1, 2019, earlier application is permitted

- IAS 40 (Amendment) ‘Transfers of Investments Property’. This amendment is mandatory for annual periods beginning on or after January 1, 2018, earlier application is permitted.
- IFRS 10 and IAS 28 (Amendments) ‘Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.’ These changes will be applicable to accounting periods beginning on the effective date, still to be determined, although early adoption is allowed.
- IFRS 17 ‘Insurance Contracts’. This Standard is applicable for annual periods beginning on or after January 1, 2021, with early adoption permitted if both IFRS 15 ‘Revenues from contracts with Customers’ and IFRS 9 ‘Financial Instruments’ have also been applied.
- Annual improvements cycle to IFRS 2014-2016, beginning on or after January 1, 2018.
- Annual improvements cycle to IFRS 2015-2017, beginning on or after January 1, 2019.

Except as set out further below, the Company does not anticipate any significant impact on the consolidated financial statements derived from the application of the new standards and amendments that will be effective for annual periods beginning on or after January 1, 2018, although it is currently still in process of evaluating such application.

#### *Adoption of IFRS 9 – Financial Instruments*

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities, introduces a new impairment model for financial assets, as well as new rules for hedge accounting. The standard replaces the existing standard, IAS 39 – Financial Instruments: Recognition and Measurement, in its entirety. Ferroglobe will adopt IFRS 9 for the financial reporting period beginning January 1, 2018.

**Classification and measurement:** IFRS 9 establishes a principle-based approach for classification of financial assets based on the cash flow characteristics of the asset and the business model in which an asset is held. The Company anticipates no significant changes in the classification of financial assets under this model.

**Derecognition of financial liabilities:** IFRS 9 sets out that when the terms of a financial liability are modified without this resulting in derecognition, a gain or loss should be recognized. This modification gain or loss is equal to the difference between the present value of the cash flows under the original and modified terms discounted at the original effective interest rate. Previously, under IAS 39, this gain or loss was amortized over the life of the modified financial liability through the effective interest rate. At January 1, 2018, Ferroglobe has no outstanding financial liabilities that had previously been modified and therefore there is no impact to the Company’s statement of financial position upon adoption of IFRS 9. The accounting for any future modifications would follow IFRS 9.

**Impairment:** IFRS 9 introduces a forward-looking expected credit loss model that may result in earlier recognition of credit losses than the incurred loss model of IAS 39. Given the short-term nature of the majority of Ferroglobe’s financial assets, the low level of credit losses and the Company’s active management of credit risk, the Company does not expect a significant impact on adoption of IFRS 9.

**Hedge accounting:** IFRS 9 has simplified hedge accounting requirements and more closely aligned them to an entity’s risk management strategy. Upon adoption of IFRS 9, Ferroglobe’s existing hedge relationship will continue to qualify as an effective cash flow hedge and there will be no impact of the standard on the Company’s statement of financial position at January 1, 2018. IFRS 9 has also clarified that when measuring ineffectiveness in a hedging relationship, currency basis is an item that is present in certain derivatives, such as Ferroglobe’s cross currency swap (see Note 19), but not in the hedged item. This difference may result in increased ineffectiveness and volatility in Ferroglobe’s profit or loss in the future, but the impact of this is not expected to be material.

### *Adoption of IFRS 15 – Revenue from Contracts with Customers*

IFRS 15 provides a single model of accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations. The standard replaces all existing revenue standards and interpretations in IFRS. Ferroglobe will adopt IFRS 15 for the financial reporting period beginning January 1, 2018.

Under IFRS 15, revenue from contracts with customers is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of silicon metal, silicon-based specialty alloys, ferroalloys and other items sold by the Company usually coincides with title passing to the customer and as guided by the Incoterms. The Company principally satisfies its performance obligations at a point in time and the amounts of revenue recognized relating to performance obligations satisfied over time are not significant. The accounting for revenue under IFRS 15 does not, therefore, represent a substantive change from the Company's current practice for recognizing revenue from sales to customers. Ferroglobe has concluded that IFRS 15 will not have a material quantitative impact on the financial results of the Company for the forthcoming financial period. The standard also has no material effect on the Company's net assets as at 1 January 2018 and so no transition adjustment will be presented. Due to new disclosures required by IFRS 15, Ferroglobe expects to provide more detailed disclosure of revenue from contracts with customers in its financial statements for the year ended December 31, 2018. This includes disclosure of revenue disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

### **3.3 Currency**

The Parent's functional currency is the Euro. The functional currencies of subsidiaries are determined by the primary economic environment in which each subsidiary operates.

The reporting currency of the Company is U.S. Dollars and as such the accompanying results and financial position have been translated pursuant to the provisions indicated in IAS 21.

All differences arising from the aforementioned translation are recognized in equity under "Translation differences".

Upon the disposal of a foreign operation, the translation differences relating to that operation deferred as a separate component of consolidated equity are recognized in the consolidated income statement when the gain or loss on disposal is recognized.

### **3.4 Responsibility for the information and use of estimates**

The information in these consolidated financial statements is the responsibility of Ferroglobe's management.

Certain assumptions and estimates were made by management in the preparation of these consolidated financial statements, including:

- The impairment losses on certain assets, including property, plant and equipment and goodwill.
- The useful life of property, plant and equipment and intangible assets.
- The fair value of certain unquoted financial assets.
- The assumptions used in the actuarial calculation of pension liabilities.
- The discount rate used to calculate the present value of certain collection rights and payment obligations.



- Provisions for contingencies and environmental liabilities.
- The calculation of income tax and of deferred tax assets and liabilities.

The Company based its estimates and judgments on historical experience, known or expected trends and other factors that are believed to be reasonable under the circumstances. Actual results may differ materially from these estimates. Changes in accounting estimates are applied in accordance with IAS 8.

At the date of preparation of these consolidated financial statements no events had taken place that might constitute a significant source of uncertainty regarding the accounting effect that such events might have in future reporting periods.

### **3.5 Basis of consolidation**

The financial statements of the subsidiaries are fully consolidated with those of the Parent. Accordingly, all balances and effects of the transactions between consolidated companies are eliminated in consolidation.

Non-controlling interests are presented in “Equity – Non-controlling interests” in the consolidated statement of financial position, separately from the consolidated equity attributable to the Parent. The share of non-controlling interests in the profit or loss for the year is presented under “Loss attributable to non-controlling interests” in the consolidated income statement.

When necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies used to the accounting policies of the Company.

## **4. Accounting policies**

The principal IFRS accounting policies applied in preparing these consolidated financial statements were in effect at the date of preparation are described below. The Company did not early adopt any of the new standards described in Note 3.2.

### **4.1 Goodwill**

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Company’s interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is allocated as follows:

1. If it is attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the carrying amounts at which they had been recognized in their balance sheets and whose accounting treatment was similar to that of the same assets (liabilities) of the Company amortization, accrual, etc.
2. If it is attributable to specific intangible assets, recognizing it explicitly in the consolidated statement of financial position provided that the fair value at the date of acquisition can be measured reliably.
3. The remaining amount is recognized as goodwill, which is allocated to one or more specific cash-generating units.

Goodwill is only recognized when it has been acquired for consideration and represents, therefore, a payment made by the acquirer for future economic benefits from assets of the acquired company that are not capable of being individually identified and separately recognized.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

#### **4.2 Other intangible assets**

Other intangible assets are assets without physical substance which can be individually identified either because they are separable or because they arise as a result of a legal or contractual right or of a legal transaction or were developed by the consolidated companies. Only intangible assets whose value can be measured reliably and from which the Company expects to obtain future economic benefits are recognized in the consolidated statement of financial position.

Intangible assets are recognized initially at acquisition or production cost. The aforementioned cost is amortized systematically over each asset's useful life. At each reporting date, these assets are measured at acquisition cost less accumulated amortization and any accumulated impairment losses, if any. The Company reviews amortization periods and amortization methods for finite-lived intangible assets at the end of each fiscal year.

The Company's main intangible assets are as follows:

##### *Development expenditures*

Development expenditures are capitalized if they meet the requirements of identifiability, reliability in cost measurement and high probability that the assets created will generate economic benefits. Developmental expenditures are amortized on a straight-line basis over the useful lives of the assets, which are between four and ten years.

Expenditures on research activities are recognized as expenses in the years in which they are incurred.

##### *Power supply agreements*

Power supply agreements are amortized on a straight-line basis over the term in which the agreement is effective.

##### *Rights of use*

Rights of use granted are amortized on a straight-line basis over the term in which the right of use was granted from the date it is considered that use commenced. Rights of use are generally amortized over a period ranging from 10 to 20 years.

##### *Computer software*

Computer software includes the costs incurred in acquiring or developing computer software, including the related installation. Computer software is amortized on a straight-line basis over two to five years.

Computer system maintenance costs are recognized as expenses in the years in which they are incurred.

##### *Other intangible assets*

Other intangible assets includes:

- Supply agreements which are amortized in accordance with their estimated useful lives (see Note 8).
- CO<sub>2</sub> emissions allowances ("rights held emit greenhouse gasses") which are not amortized, but rather are expensed when used (see Note 4.20).

### 4.3 Property, plant and equipment

#### Cost

Property, plant and equipment for our own use are initially recognized at acquisition or production cost and are subsequently measured at acquisition or production cost less accumulated depreciation and any accumulated impairment losses.

When the construction and start-up of non-current assets require a substantial period of time, the borrowing costs incurred over that period are capitalized. In 2017, 2016 and 2015 no material borrowing costs were capitalized.

The costs of expansion, modernization or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalized. Repair, upkeep and maintenance expenses are recognized in the consolidated income statement for the year in which they are incurred.

Mineral reserves are recorded at fair value at the date of acquisition. Depletion of mineral reserves is computed using the units-of-production method utilizing only proven and probable reserves (as adjusted for recoverability factors) in the depletion base.

Property, plant and equipment in the course of construction are transferred to property, plant and equipment in use at the end of the related development period.

#### Depreciation

The Company depreciates Property, plant and equipment using the straight-line method at annual rates based on the following years of estimated useful life:

	<b>Years of Estimated Useful Life</b>
Properties for own use	25-50
Plant and machinery	8-20
Tools	12.5-15
Furniture and fixtures	10-15
Computer hardware	4-8
Transport equipment	10-15

Land included within Property, plant and equipment is considered to be an asset with an indefinite useful life and, as such, is not depreciated, but rather it is tested for impairment annually. The Company reviews residual value, useful lives, and the depreciation method for Property, plant and equipment annually.

#### Environment

The costs arising from the activities aimed at protecting and improving the environment are accounted for as an expense for the year in which they are incurred. When they represent additions to property, plant and equipment aimed at minimizing the environmental impact and protecting and enhancing the environment, they are capitalized to non-current assets.

### 4.4 Impairment of property, plant and equipment, intangible assets and goodwill

In order to ascertain whether its assets have become impaired, the Company compares their carrying amount with their recoverable amount at the end of the reporting period, or more frequently if there are indications that the assets might have become impaired. Where the asset itself does not generate cash flows that are independent from

other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of:

- Fair value: the price that would be agreed upon by two independent parties, less estimated costs to sell, and
- Value in use: the present value of the future cash flows that are expected to be derived from continuing use of the asset and from its ultimate disposal at the end of its useful life, discounted at a pre-tax rate which reflects the time value of money and the risks specific to the business to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and an impairment loss is recognized as an expense under “Impairment losses” in the consolidated income statement.

Where an impairment loss subsequently reverses (not permitted in the case of goodwill), the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as “Other income” in the consolidated income statement.

The basis for depreciation is the carrying amount of the assets, deemed to be the acquisition cost less any accumulated impairment losses.

#### **4.5 Financial instruments**

Financial assets and financial liabilities are recognized in the Company’s statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

##### *Financial assets*

The main financial assets held by the Company are assets representing collection rights as a result of investments or loans. These rights are classified as current or non-current on the basis of whether they are due to be settled within less than or more than twelve months, respectively, or, if they do not have a specific maturity date (as in the case of marketable securities or investment fund units), whether or not the Company has the intention to dispose of them within less than or more than twelve months.

The Company classifies financial assets based on the purpose for which they were initially acquired and it reviews the classification at the end of each reporting period.

The financial assets held by the Company are classified as:

- Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when cash, goods or services are provided directly to a debtor. They

are measured at the principal amount plus the accrued interest receivable. They are classified as non-current assets when they mature within more than twelve months after the end of the reporting period, and as current assets when they mature within less than twelve months from the end of the reporting period.

Loans and receivables originated by the Company are measured at the principal amount plus the accrued interest receivable, less any impairment losses, i.e. they are measured at their amortized cost.

- Other financial assets:

These deposits and guarantees are restricted until such time as the conditions of each agreement or tender expire. Deposits and guarantees expiring within twelve months are classified as current items and those expiring in more than twelve months are classified as non-current items.

#### *Derecognition of financial assets*

The Company derecognizes a financial asset when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

If the Company retains substantially all of the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

#### *Financial liabilities*

Amortized cost:

The main financial liabilities of the Company are held-to-maturity financial liabilities, which are measured at amortized cost. The financial liabilities held by the Company are classified as:

- Bank borrowings, other loans and debt instruments:

Bank borrowings, other loans and debt instruments are recognized at the amount of proceeds received, net of transaction costs. They are subsequently measured at amortized cost. Borrowing costs are recognized in the consolidated income statement on an accrual basis using the effective interest method and are added to the carrying amount of the liability to the extent that they are not settled in the period in which they arise.

- Trade and other payables:

Trade payables are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method.

### *Fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For those assets and liabilities measured at fair value at the balance sheet date, further information on fair value measurement is provided in Note 28.

### **4.6 Inventories**

Inventories comprise assets (goods) which:

- Are held for sale in the ordinary course of business (finished goods); or
- Are in the process of production for such sale (work in progress); or
- Will be consumed in the production process or in the rendering of services (raw materials and spare parts).

Inventories are stated at the lower of acquisition or production cost and net realizable value. The cost of each inventory item is generally calculated as follows:

- Raw materials, spare parts and other consumables and replacement parts: the lower of weighted average acquisition cost and net realizable value.
- Work in progress and finished and semi-finished goods: the lower of production cost (which includes the cost of materials, labor costs, direct and indirect manufacturing expenses) or net realizable value in the market.

Obsolete, defective or slow-moving inventories have been reduced to net realizable value.

Net realizable value is the estimated selling price less all the estimated costs of selling and distribution.

The amount of any write-down of inventories (as a result of damage, obsolescence or decrease in the selling price) to their net realizable value and all losses of inventories are recognized as expenses in the year in which the write-down or loss occurs. Any subsequent reversals are recognized as income in the year in which they arise.

The consumption of inventories is recognized as an expense in “Cost of sales” in the consolidated income statement in the period in which the revenue from their sale is recognized.

#### **4.7 Biological assets**

The Company recognizes biological assets when:

- It controls the asset as a result of past events;
- It is probable that future economic benefits associated with the asset will flow to the entity; and
- The fair value or cost of the asset can be measured reliably.

Biological assets are measured at fair value less estimated costs to sell.

The fair value of forestry plantations is based on a combination of the fair value of the land and of the timber plantations with reference to current timber market prices.

The gains or losses arising on the initial recognition of a biological asset at fair value less costs to sell are included in the consolidated income statement for the period in which they arise.

#### **4.8 Cash and cash equivalents**

The Company classifies under “Cash and cash equivalents” any liquid financial assets, such as for example cash on hand and at banks, deposits and liquid investments, that can be converted into cash within three months and are subject to an insignificant risk of changes in value.

#### **4.9 Provisions and contingencies**

When preparing the consolidated financial statements, the Parent’s directors made a distinction between:

- Provisions: present obligations, either legal, contractual, constructive or assumed by the Company, arising from past events, the settlement of which is expected to give rise to an outflow of economic benefits the amount and/or timing of which are uncertain; and
- Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company, or present obligations arising from past events the amount of which cannot be estimated reliably or whose settlement is not likely to give rise to an outflow of economic benefits.

The consolidated financial statements include all the material provisions with respect to which it is considered that it is probable that the obligation will have to be settled. Contingent liabilities are not recognized in the consolidated financial statements, but rather are disclosed, as required by IAS 37 (see Note 24).

Provisions are classified as current or non-current based on the estimated period of time in which the obligations covered by them will have to be met. They are recognized when the liability or obligation giving rise to the indemnity or payment arises, to the extent that its amount can be estimated reliably.

“Provisions” includes the provisions for pension and similar obligations assumed; provisions for contingencies and charges, such as for example those of an environmental nature and those arising from litigation in progress or from outstanding indemnity payments or obligations, and collateral and other similar guarantees provided by the Company; and provisions for medium- and long- term employee incentives and the long-service bonus described in Note 15.

#### *Defined contribution plans*

Certain employees have defined contribution plans which conform to the Spanish Pension Plans and Funds Law. The main features of these plans are as follows:

- They are mixed plans covering the benefits for retirement, disability and death of the participants.
- The sponsor undertakes to make monthly contributions of certain percentages of current employees’ salaries to external pension funds.

The annual cost of these plans is recognized under Staff costs in the consolidated income statement.

#### *Defined benefit plans*

IAS 19, Employee Benefits requires defined benefit plans to be accounted for:

- Using actuarial techniques to make a reliable estimate of the amount of benefits that employees have earned in return for their service in the current and prior periods.
- Discounting those benefits in order to determine the present value of the obligation.
- Determining the fair value of any plan assets.
- Determining the total amount of actuarial gains and losses and the amount of those actuarial gains and losses that must be recognized.

The amount recognized as a benefit liability arising from a defined benefit plan is the total net sum of:

- The present value of the obligations.
- Minus the fair value of plan assets (if any) out of which the obligations are to be settled directly.

The Company recognizes provisions for these benefits as the related rights vest and on the basis of actuarial studies. These amounts are recognized under “Provisions” in the consolidated statement of financial position, on the basis of their expected due payment dates. All plan assets are separately from the rest of the Company’s assets.

#### *Environmental provisions*

Provisions for environmental obligations are estimated by analyzing each case separately and observing the relevant legal provisions. The best possible estimate is made on the basis of the information available and a provision is recognized provided that the aforementioned information suggests that it is probable that the loss or expense will arise and it can be estimated in a sufficiently reliable manner.

The balance of provisions and disclosures disclosed in Notes 15 and 24 reflects management’s best estimation of the potential exposure as of the date of preparation of these financial statements.



#### **4.10 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership, which usually has the option to purchase the assets at the end of the lease under the terms agreed upon when the lease was arranged. All other leases are classified as operating leases.

##### *Finance leases*

At the commencement of the lease term, the Company recognizes finance leases as assets and liabilities in the consolidated statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. To calculate the present value of the lease payments the interest rate stipulated in the finance lease is used.

The cost of assets acquired under finance leases is presented in the consolidated statement of financial position on the basis of the nature of the leased asset. The depreciation policy for these assets is consistent with that for Property, plant and equipment for own use.

Finance charges are recognized over the lease term on a time proportion basis.

##### *Operating leases*

In operating leases, the ownership of the leased asset and substantially all the risks and rewards relating to the leased asset remain with the lessor.

Lease income and expenses from operating leases are credited or charged to income on an accrual basis depending on whether the Company acts as the lessor or lessee.

#### **4.11 Current assets and liabilities**

In general, assets and liabilities are classified as current or non-current based on the Company's operating cycle. However, in view of the diverse nature of the activities carried on by the Company, in which the duration of the operating cycle differs from one activity to the next, in general assets and liabilities expected to be settled or fall due within twelve months from the end of the reporting period are classified as current items and those which fall due or will be settled within more than twelve months are classified as non-current items.

#### **4.12 Income taxes**

Income tax expense represents the sum of current tax and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the related tax is recognized in other comprehensive income or directly in equity.

The current income tax expense is based on domestic and international statutory income tax rates in the tax jurisdictions where the Company operates related to taxable profit for the period. The taxable profit differs from net profit as reported in the income statement because it is determined in accordance with the rules established by the applicable taxation authorities which includes temporary differences, permanent differences, and available credits and incentives.

The Company's deferred tax assets and liabilities are provided on temporary differences at the balance sheet date between financial reporting and the tax basis of assets and liabilities, then applying enacted tax rates expected to be in effect for the year in which the differences are expected to reverse. Deferred tax assets are recognized for deductible temporary differences, carry-forward of unused tax credits and losses, to the extent that it is probably that taxable profit will be available against which the deductible temporary difference and carryforwards of unused tax credits and losses can be utilized. The deferred tax assets and liabilities that have been recognized are

reassessed at the end of each reporting period in order to ascertain whether they still exist, and adjustments are made on the basis of the findings of the analyses performed.

Income tax payable is the result of applying the applicable tax rate in force to each tax-paying entity, in accordance with the tax laws in force in the country in which the entity is registered. Additionally, tax deductions and credits are available to certain entities, primarily relating to inter-company trades and tax treaties between various countries to prevent double taxation.

Income tax expense is recognized in the consolidated income statement, except to the extent that it arises from a transaction which is recognized directly to “consolidated equity”, in which case the tax is recognized directly to “consolidated equity.”

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority or either the same taxable entity or different taxable entities where there is an intention to settle the current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

#### **4.13 Foreign currency transactions**

Foreign currency transactions are initially recognized in the functional currency of the subsidiary by applying the exchange rates prevailing at the date of the transaction.

Subsequently, at each reporting date, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates prevailing on that date.

Any exchange differences arising on settlement or translation at the closing rates of monetary items are recognized in the consolidated income statement for the year.

Note 4.17 details the Company’s accounting policies for these derivative financial instruments. Also, Note 27 to these consolidated financial statements details the financial risk policies of Ferroglobe.

#### **4.14 Revenue recognition**

Revenue includes the fair value of the goods sold or services rendered, excluding any related taxes and deducting any discounts or returns as a reduction in the amount of the transaction. Income is recognized when all of the following conditions are met:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In relation to transactions in the electrometallurgy business, ownership is considered to be transferred at the time agreed upon with customers based on the Incoterm clauses applicable to the transaction.

Income from the energy business is recognized based on the power generated and put on the market at regulated prices, being recognized income when the energy produced is transferred to the system.

Accordingly, interest income is recognized using the effective interest method. Dividend income is also recognized when the shareholder's rights to receive payment have been established.

#### **4.15 Expense recognition**

Expenses are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

An expense is recognized in the consolidated income statement when there is a decrease in the future economic benefits related to a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that an expense is recognized simultaneously with the recognition of the increase in a liability or the reduction of an asset. Additionally, an expense is recognized immediately in the consolidated income statement when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met. Also, an expense is recognized when a liability is incurred and no asset is recognized, as in the case of a liability relating to a guarantee.

#### **4.16 Operating profit (loss) before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other losses**

The Company presents in the consolidated income statement a subtotal 'Operating profit (loss) before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other losses'. The Company uses this subtotal in their analysis of the performance of the Company. In accordance with IAS 1.85a, modified in December 2014, when an entity presents subtotals, those subtotals shall (i) be composed of line items made up of amounts recognized and measured in accordance with IFRS, (ii) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable, (iii) be consistent from period to period and (iv) not be displayed with more prominence than the subtotals and totals required in IFRS for the statement presenting profit or loss. Consequently, the Company, concluded that the presentation of this subtotal in the face of the consolidated income statement is essential for the understanding the financial performance of the Company.

#### **4.17 Derivative financial instruments**

In order to mitigate the economic effects of exchange rate and interest rate fluctuations to which it is exposed as a result of its business activities, the Company uses derivative financial instruments, such as cross currency swaps and interest rate swaps.

The Company's derivative financial instruments are set out in Note 19 to these consolidated financial statements and the Company's financial risk management policies are set out in Note 27.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition of profit or loss depends on the nature of the hedge relationship. The gain or loss recognized in respect of derivatives that are not designated and effective as a hedging instrument is recognized in the consolidated income statement in the line item financial derivative gain (loss).

A derivative with a positive fair value is recognized as a financial asset within the line item other financial assets whereas a derivative with a negative fair value is recognized as a financial liability within the line item other financial liabilities. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months.

### *Hedge accounting*

The Company designates certain derivatives as cash flow hedges. For further details, see Note 19 of the consolidated financial statements.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the hedge transaction. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to any ineffective portion is recognized immediately in profit or loss, and is included in the financial derivative gain (loss) line item.

Amounts previously recognized in other comprehensive income and accumulated in equity in the valuation adjustments reserve are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the income statement as the recognized hedged item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income at that time is accumulated in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

### **4.18 Grants**

#### *Grants related to assets*

Grants related to assets correspond primarily to non-refundable grants that are measured at the amount granted or at the fair value of the assets delivered, if they have been transferred for no consideration, and are classified as deferred income when it is certain that they will be received. Income from these grants is recognized on a straight-line basis over the useful life of the assets whose costs they are financing. The amount of the assets and of the grants received are presented separately as assets and liabilities, respectively, within the consolidated statement of financial position.

The amount of such grants was not material at December 31, 2017 and 2016.

### **4.19 Termination benefits**

Under current labor legislation, the Company is required to pay termination benefits to employees whose employment relationship is terminated under certain conditions. The payments for termination benefits, when they arise, are charged as an expense when the decision to terminate the employment relationship is taken. At December 31, 2017 and 2016, the liabilities related to termination benefits were not material.

### **4.20 CO<sub>2</sub> emission allowances**

CO<sub>2</sub> emission allowances are measured at cost of acquisition. Allowances acquired free of charge under governmental schemes are initially measured at market value at the date received. At the same time, a grant is recognized for the same amount under “deferred income”.

Emissions allowances are not amortized, but rather are expensed when used.

At year end, the Company assesses whether the carrying amount of the allowances exceeds their market value in order to determine whether there are indications of impairment. If there are indications, the Company determines whether these allowances will be used in the production process or earmarked for sale, in which case the necessary impairment losses would be recognized. Provisions are released when the factors leading to the valuation adjustment have ceased to exist.

A provision for liabilities and charges is recognized for expenses related to the emission of greenhouse gases. This provision is maintained until the company is required to settle the liability by surrendering the corresponding emission allowances. These expenses are accrued as greenhouse gases are emitted.

When an expense is recognized for allowances acquired free of charge, the corresponding “deferred income” is taken to operating income. The Company derecognizes allowances surrendered at their carrying amount and recognizes those received at their fair value when received. The difference between both values is recognized as “deferred income”.

#### ***4.21 Share-based compensation***

The Company recognizes share-based compensation expense based on the estimated grant date fair value of share-based awards using a Black-Scholes option pricing model. Prior to vesting, cumulative compensation cost equals the proportionate amount of the award earned to date. The Company has elected to treat each award as a single award and recognize compensation cost on a straight-line basis over the requisite service period of the entire award. If the terms of an award are modified in a manner that affects both the fair value and vesting of the award, the total amount of remaining unrecognized compensation cost (based on the grant-date fair value) and the incremental fair value of the modified award are recognized over the amended vesting period.

#### ***4.22 Assets and disposal groups classified as held for sale, liabilities associated with assets held for sale and discontinued operations***

Assets and disposal groups classified as held for sale include the carrying amount of individual items, disposal groups or items forming part of a business unit earmarked for disposal (discontinued operations), whose sale in their present condition is highly likely to be completed within one year from the reporting date. Therefore, the carrying amount of these items, which may or may not be of a financial nature, will likely be recovered through the proceeds from their disposal.

Liabilities associated with non-current assets held for sale include the balances payable arising from the assets held for sale or disposal groups and from discontinued operations.

Assets and disposal groups classified as held for sale are measured at the lower of fair value less costs to sell and their carrying amount at the date of classification in this category. Non-current assets held for sale are not depreciated as long as they remain in this category.

#### ***4.23 Consolidated statement of cash flows***

The following terms are used in the consolidated statement of cash flows, prepared using the indirect method, with the meanings specified as follows:

1. Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
2. Operating activities: activities constituting the object of the subsidiaries forming part of the consolidated Company and other activities that are not investing or financing activities.

3. Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
4. Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Company that are not operating or investing activities.

## 5. **Business Combinations**

On December 23, 2015, Ferroglobe PLC consummated the acquisition of 100% of the equity interests of Globe Specialty Metals, Inc. and subsidiaries and Grupo FerroAtlántica. After consummating this transaction, FerroAtlántica is considered the Predecessor under applicable SEC rules and regulations; and, therefore, all companies of Globe (see Note 2) were considered additions to the scope of consolidation of Ferroglobe in 2015. FerroAtlántica is the deemed “accounting acquirer”.

This Business Combination was accounted for using the acquisition method of accounting for business combinations under IFRS 3 Business Combinations, with FerroAtlántica treated as the accounting acquirer and GSM as the acquiree. Under this method of accounting, any excess of (i) the aggregate of the acquisition consideration transferred and any non-controlling interest in Globe over (ii) the aggregate of the fair values as of the closing date of the Business Combination of the assets acquired and liabilities assumed was recorded as goodwill. The “Acquisition Consideration” is the fair value on the closing date of the Business Combination of the consideration given. In addition, the value of the Ferroglobe Ordinary Shares issued to Globe Shareholders pursuant to the Business Combination Agreement (“BCA”) was determined based on the trading price of the Globe Shares at the date of completion of the transactions.

The acquisition consideration consisted of the fair value of the Ferroglobe Ordinary Shares issued to Globe Shareholders on the closing date of the Business Combination, plus the portion of the “Replacement awards” that are attributable to pre-combination service of Globe employees.

Under the terms of the BCA, share-based compensation awards that were issued by Globe and were outstanding and unexercised as of the date of the Business Combination were exchanged with Ferroglobe share-based awards (“Replacement Awards”) as follows (see Note 21—Other Liabilities, for further details regarding our share-based compensation awards):

- Stock Options – Each outstanding Globe stock option was converted into an option to purchase, generally on the same terms and conditions as were applicable to the Globe stock option prior to the Globe Merger, a number of Ferroglobe Ordinary Shares equal to the number of Globe Shares subject to such Globe stock option at an exercise price per Ferroglobe Ordinary Share equal to the exercise price per Globe share of such Globe stock option.
- Restricted Stock Units (“RSUs”) – Each outstanding RSU was assumed by Ferroglobe and was converted into a Ferroglobe RSU award, generally on the same terms and conditions as were applicable to the Globe RSUs prior to the Globe Merger, in respect of the number of Globe Shares equal to the number of Globe Shares underlying such Globe RSUs.
- Stock Appreciation Rights (“SARs”) – Each outstanding SAR was assumed by Ferroglobe and was converted into a Ferroglobe SAR, generally on the same terms and condition as were applicable to the Globe SARs prior to the Globe Merger, in respect of that number of Ferroglobe Ordinary Shares equal to the number of Globe Shares underlying such Globe SAR, at an exercise price per Ferroglobe Ordinary Share (rounded up to the nearest whole cent) equal to the exercise price per Globe share of such Globe SAR.

The issuance of the “Replacement Awards” was accounted for as a modification of Globe’s Share-Based Awards, and the portion of the value of the Replacement Awards that was attributable to pre-combination services of Globe employees is included in the Acquisition Consideration transferred. Compensation expense related to post-combination services will be recognized over the individual vesting periods of the respective “Replacement Awards” and was not included in the combined financial information.

The value of Replacement Awards was added to the fair value of the Ferroglobe Ordinary Shares to determine the total Acquisition Consideration transferred as follows:

Globe common stock outstanding as of December 23, 2015 <sup>1</sup>	73,760
Exchange ratio	1.00
Ferroglobe Ordinary Shares issued as converted	73,760
Globe common stock per share price as of December 23, 2015	\$ 10.80
Fair value of Ferroglobe Ordinary Shares issued pursuant to the Business Combination and estimated value	\$ 796,608
Replacement Awards—equity settled awards	1,430
Acquisition Consideration	\$ 798,038

<sup>1</sup> The number of shares of Globe common stock outstanding options was determined immediately prior to the effective time of the Business Combination.

In accordance with IFRS 3, the fair value of Ferroglobe Ordinary Shares issued to Globe Shareholders pursuant to the Business Combination Agreement was measured on the closing date of the Business Combination at the then-current market price of Globe's common stock.

The business combination was recorded as a business combination under IFRS 3 with identifiable assets acquired and liabilities assumed recorded at their estimated fair values on the acquisition date while costs associated with the acquisition are expensed as incurred. The Company utilized the services of third-party valuation consultants, along with estimates and assumptions provided by the Company, to estimate the fair value of the assets acquired. The third-party valuation consultants utilized several appraisal methodologies including income, market and cost approaches to estimate the fair value of the identifiable net assets acquired.

The following is the final fair value of assets acquired and the liabilities assumed by Ferroglobe in the Business Combination, reconciled to the value of the Acquisition Consideration pursuant to the Business Combination Agreement:

	Balances US\$'000
<b>ASSETS</b>	
<b>Non-current assets</b>	
Goodwill	425,413
Other intangible assets	43,746
Property, plant and equipment	584,617
Non-current financial assets	2,521
Deferred tax assets	22,994
Other non-current assets	1,386
<b>Total non-current assets acquired</b>	<b>1,080,677</b>
<b>Current assets</b>	
Inventories	117,230
Trade and other receivables	73,753
Current financial assets	4,112
Other current assets	5,231
Cash and cash equivalents	77,709
<b>Total current assets acquired</b>	<b>278,035</b>
<b>Total assets acquired</b>	<b>1,358,712</b>
<b>Non-current liabilities</b>	
Provisions	33,877
Bank borrowings	100,048
Obligations under finance leases	3,283
Other non-current liabilities	4,451
Deferred tax liabilities	140,435
<b>Total non-current liabilities acquired</b>	<b>282,094</b>
<b>Current liabilities</b>	
Provisions	5,439
Bank borrowings	1,167
Obligations under finance leases	2,627
Trade and other payables	58,044
Other current liabilities	66,770
<b>Total current liabilities acquired</b>	<b>134,047</b>
<b>Net assets acquired</b>	<b>942,571</b>
Non-controlling interests	<b>(144,533)</b>
<b>Acquisition consideration</b>	<b>798,038</b>

Goodwill arose in the Business Combination as the acquisition consideration exceeded the fair value of the identifiable net assets acquired, including identifiable intangible assets. Goodwill is not deductible for tax purposes.

The purchase price allocation was not final at December 31, 2015 and subsequent changes were made to the fair value of the identifiable net assets acquired. As a result, acquired Property, plant and equipment decreased by \$40,794 thousand, Deferred tax assets increased by \$2,972 thousand and Deferred tax liabilities decreased by \$14,900 thousand, which resulted in an increase to Goodwill of \$22,922 thousand.

GSM was included in the scope of consolidation as of December 23, 2015, as indicated above, contributed "2015 - Sales" of \$10,898 thousand and "2015 - Profit attributable to the Parent" of \$68 thousand.



In the fiscal year ended December 31, 2015 if GSM had been included in the scope of consolidation from January 1, 2015, GSM would have contributed “2015 - Sales—pro-forma” of \$733,916 thousand and “2015 - Losses Attributable to the Parent – pro-forma” of \$53,260 thousand. In determining unaudited “pro-forma” data, the Company calculated the depreciation of “Property, plant and equipment” based on the fair values determined in the initial accounting for the Business Combination rather than the carrying amounts recognized in the pre-acquisition financial statements.

Total expenditures incurred by the Predecessor and/or the Parent for the consummation of the Business Combination totaling \$22,132 thousand are included in “Other operating expenses” in the consolidated income statement for 2015 and other costs totaling \$9,414 thousand have been recorded as “Equity—Reserves”, under IFRS 3.

## **6. Segment reporting**

Operating segments are based upon the Company’s management reporting structure. The Company’s operating segments are primarily at a country level as this is how the Chief Operating Decision Maker (CODM) assesses performance and makes decisions about resource allocation. This is due to the integrated operations within each country and the ability to reallocate production based on the individual capacity of each plant. Additionally, economic factors that may impact our results of operations, such as currency fluctuations and energy costs, are also assessed at a country level.

The Company’s North America reportable segment is the result of the aggregation of the operating segments of the United States and Canada. These operating segments have been aggregated as they have similar long-term economic characteristics and there is similarity of competitive and operating risks and the political environment in the United States and Canada. The Company’s Europe reportable segment is the result of the aggregation of the operating segments of Spain and France. Similar to our United States and Canada operating segments, our Spain and France operating segments are grouped together based on the relative similarity of the EBITDA margins, competitive risks, currency risks (i.e. risks relating to the Euro), operating risks and, given they are each part of the European Union and the European Economic Community, the political and economic environment.

During 2017, upon further evaluation of the management reporting structure, it was concluded that our reportable segments would be amended to no longer reflect Venezuela as a separate reportable segment. The decision was taken as a result of on-going economic, political and social instability in the region which has resulted in uncertainty surrounding the cash flow generation capacity of our operations. During the year-ended December 31, 2016, due to the uncertainty in Venezuela substantially all assets were impaired. The segment previously recognized ‘Electrometallurgy – Venezuela’ now forms part of our ‘Other segments’. The comparative periods have been restated to conform to the 2017 reportable segment presentation.

The consolidated income statements at December 31, 2017, 2016 and 2015, by reportable segment, are as follows:

	2017					Total US\$'000
	Electrometallurgy - North America US\$'000	Electrometallurgy - Europe US\$'000	Electrometallurgy - South Africa US\$'000	Other segments US\$'000	Adjustments/ Eliminations (**) US\$'000	
Sales	541,143	1,083,200	122,504	60,199	(65,353)	1,741,693
Cost of sales	(303,096)	(690,589)	(81,744)	(33,616)	65,650	(1,043,395)
Other operating income	2,701	12,681	2,868	15,619	(15,670)	18,199
Staff costs	(90,802)	(147,595)	(23,495)	(39,851)	(220)	(301,963)
Other operating expense	(68,537)	(107,130)	(24,462)	(55,955)	16,158	(239,926)
Depreciation and amortization charges, operating allowances and write-downs	(66,789)	(27,404)	(5,788)	(4,557)	9	(104,529)
<b>Operating profit (loss) before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non- current assets and other gains and losses</b>	<b>14,620</b>	<b>123,163</b>	<b>(10,117)</b>	<b>(58,161)</b>	<b>574</b>	<b>70,079</b>
Impairment losses	(30,618)	—	—	(323)	(16)	(30,957)
Net gain due to changes in the value of assets	—	—	7,222	—	282	7,504
(Loss) gain on disposal of non-current assets	(3,718)	301	(138)	(818)	57	(4,316)
Other (loss) gain	—	(13,604)	—	(2,625)	13,616	(2,613)
<b>Operating (loss) profit</b>	<b>(19,716)</b>	<b>109,860</b>	<b>(3,033)</b>	<b>(61,927)</b>	<b>14,513</b>	<b>39,697</b>
Finance income	448	6,733	404	191,261	(195,138)	3,708
Finance costs	(4,567)	(40,106)	(7,361)	(48,486)	35,108	(65,412)
Financial derivative loss	—	—	—	(6,850)	—	(6,850)
Exchange differences	(191)	5,938	(1,197)	3,730	(66)	8,214
<b>(Loss) profit before tax</b>	<b>(24,026)</b>	<b>82,425</b>	<b>(11,187)</b>	<b>77,728</b>	<b>(145,583)</b>	<b>(20,643)</b>
Income tax benefit (expense)	29,386	(26,031)	2,068	9,692	(294)	14,821
<b>Profit (loss) for the year</b>	<b>5,360</b>	<b>56,394</b>	<b>(9,119)</b>	<b>87,420</b>	<b>(145,877)</b>	<b>(5,822)</b>
Loss (profit) attributable to non- controlling interests	4,734	(370)	(147)	951	(24)	5,144
<b>Profit (loss) attributable to the Parent</b>	<b>10,094</b>	<b>56,024</b>	<b>(9,266)</b>	<b>88,371</b>	<b>(145,901)</b>	<b>(678)</b>

	2016 (*)					Total US\$'000
	Electrometallurgy - North America US\$'000	Electrometallurgy - Europe US\$'000	Electrometallurgy - South Africa US\$'000	Other segments US\$'000	Adjustments/ Eliminations (**) US\$'000	
Sales	521,192	949,547	142,160	90,337	(127,199)	1,576,037
Cost of sales	(325,254)	(672,026)	(99,124)	(79,912)	132,904	(1,043,412)
Other operating income	362	25,908	3,422	4,713	(8,190)	26,215
Staff costs	(82,032)	(132,440)	(23,589)	(58,577)	239	(296,399)
Other operating expense	(64,606)	(118,269)	(28,834)	(37,964)	5,727	(243,946)
Depreciation and amortization charges, operating allowances and write-downs	(73,530)	(31,730)	(4,732)	(12,818)	(2,867)	(125,677)
<b>Operating (loss) profit before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other gains and losses</b>	<b>(23,868)</b>	<b>20,990</b>	<b>(10,697)</b>	<b>(94,221)</b>	<b>614</b>	<b>(107,182)</b>
Impairment losses	(193,000)	(1,077)	(8,147)	(59,248)	(6,617)	(268,089)
Net gain (loss) due to changes in the value of assets	—	—	1,896	—	(5)	1,891
Gain (loss) on disposal of non-current assets	—	—	21	446	(127)	340
Other (loss) gain	—	(32,655)	—	(2,514)	35,129	(40)
<b>Operating (loss) profit</b>	<b>(216,868)</b>	<b>(12,742)</b>	<b>(16,927)</b>	<b>(155,537)</b>	<b>28,994</b>	<b>(373,080)</b>
Finance income	1	11,551	744	6,639	(17,399)	1,536
Finance costs	(3,249)	(16,540)	(6,038)	(13,629)	9,205	(30,251)
Exchange differences	(438)	2,436	(2,164)	(3,290)	(57)	(3,513)
<b>(Loss) profit before tax</b>	<b>(220,554)</b>	<b>(15,295)</b>	<b>(24,385)</b>	<b>(165,817)</b>	<b>20,743</b>	<b>(405,308)</b>
Income tax benefit (expense)	9,982	(10,505)	4,433	40,160	2,625	46,695
<b>(Loss) profit for the year</b>	<b>(210,572)</b>	<b>(25,800)</b>	<b>(19,952)</b>	<b>(125,657)</b>	<b>23,368</b>	<b>(358,613)</b>
Loss (profit) attributable to non-controlling interests	6,044	(93)	856	11,827	1,552	20,186
<b>(Loss) profit attributable to the Parent</b>	<b>(204,528)</b>	<b>(25,893)</b>	<b>(19,096)</b>	<b>(113,830)</b>	<b>24,920</b>	<b>(338,427)</b>

	2015 (*)					Total US\$'000
	Electrometallurgy - North America US\$'000	Electrometallurgy - Europe US\$'000	Electrometallurgy - South Africa US\$'000	Other segments US\$'000	Adjustments/ Eliminations (**) US\$'000	
Sales	10,062	1,174,968	219,890	129,123	(217,453)	1,316,590
Cost of sales	(6,200)	(811,114)	(134,978)	(88,041)	221,597	(818,736)
Other operating income	17	52,211	5,070	2,109	(43,656)	15,751
Staff costs	(1,983)	(148,652)	(24,663)	(30,574)	3	(205,869)
Other operating expense	(276)	(142,867)	(29,237)	(67,347)	39,431	(200,296)
Depreciation and amortization charges, operating allowances and write-downs	(1,183)	(35,255)	(7,744)	(22,492)	(376)	(67,050)
<b>Operating profit (loss) before impairment losses, net gains/losses due to changes in the value of assets, gains/losses on disposals of non-current assets and other gains and losses</b>	<b>437</b>	<b>89,291</b>	<b>28,338</b>	<b>(77,222)</b>	<b>(454)</b>	<b>40,390</b>
Impairment losses	—	—	—	(52,042)	—	(52,042)
Net gain (loss) due to changes in the value of assets	—	—	1,336	(2,249)	1	(912)
Gain (loss) on disposal of non-current assets	—	1,468	—	(3,681)	(1)	(2,214)
Other (loss) gain	—	(40,983)	—	9,257	31,379	(347)
<b>Operating profit (loss)</b>	<b>437</b>	<b>49,776</b>	<b>29,674</b>	<b>(125,937)</b>	<b>30,925</b>	<b>(15,125)</b>
Finance income	6	36,206	501	4,869	(40,486)	1,096
Finance costs	(109)	(19,287)	(5,015)	(14,060)	8,066	(30,405)
Exchange differences	(44)	8,617	2,498	24,833	—	35,904
<b>Profit (loss) before tax</b>	<b>290</b>	<b>75,312</b>	<b>27,658</b>	<b>(110,295)</b>	<b>(1,495)</b>	<b>(8,530)</b>
Income tax expense	—	(22,953)	(7,807)	(16,580)	(2,602)	(49,942)
<b>Profit (loss) for the year</b>	<b>290</b>	<b>52,359</b>	<b>19,851</b>	<b>(126,875)</b>	<b>(4,097)</b>	<b>(58,472)</b>
(Profit) loss attributable to non-controlling interests	(41)	(61)	226	9,019	6,061	15,204
<b>Profit (loss) attributable to the Parent</b>	<b>249</b>	<b>52,298</b>	<b>20,077</b>	<b>(117,856)</b>	<b>1,964</b>	<b>(43,268)</b>

(\*)The amounts for prior periods have been re-presented to show the results of the Spanish energy business within income from continuing operations as part of the Other segments, as described in Note 1 to the consolidated financial statements. In addition, the Venezuela segment is reflected as part of the Other segments, as described in Note 6 to the consolidated financial statements.

(\*\*) The amounts correspond to transactions between segments that are eliminated in the consolidation process.

The consolidated statements of financial position at December 31, 2017 and 2016, by reportable segment are as follows:

	2017				Consolidation Adjustments/ Eliminations (*) US\$'000	Total US\$'000
	Electrometallurgy - North America US\$'000	Electrometallurgy - Europe US\$'000	Electrometallurgy - South Africa US\$'000	Other segments US\$'000		
Goodwill	205,287	—	—	—	—	205,287
Other intangible assets	26,724	20,381	1,505	10,048	—	58,658
Property, plant and equipment	512,003	167,314	64,331	174,326	—	917,974
Financial assets	16,174	69,555	—	6,055	—	91,784
Inventories	100,856	204,240	42,478	13,657	—	361,231
Receivables	165,006	260,612	35,330	833,243	(1,175,756)	118,435
Other assets	20,380	22,767	41,008	23,473	(45,212)	62,416
Cash and cash equivalents	10,886	153,967	6,912	12,707	—	184,472
<b>Total assets</b>	<b>1,057,316</b>	<b>898,836</b>	<b>191,564</b>	<b>1,073,509</b>	<b>(1,220,968)</b>	<b>2,000,257</b>
Equity	521,819	198,059	62,933	154,947	—	937,758
Deferred income	—	2,034	—	1,138	—	3,172
Provisions	28,602	56,654	11,080	19,156	—	115,492
Bank borrowings and other financial liabilities (excluded finance leases)	—	4,918	—	133,516	—	138,434
Debt instruments	—	—	—	350,270	—	350,270
Obligations under finance leases	1,994	—	—	80,639	—	82,633
Trade payables	321,710	584,542	95,082	380,834	(1,176,336)	205,832
Other non-trade payables	183,191	52,629	22,469	(46,991)	(44,632)	166,666
<b>Total equity and liabilities</b>	<b>1,057,316</b>	<b>898,836</b>	<b>191,564</b>	<b>1,073,509</b>	<b>(1,220,968)</b>	<b>2,000,257</b>
	2016					
	Electrometallurgy - North America US\$'000	Electrometallurgy - Europe US\$'000	Electrometallurgy - South Africa US\$'000	Other segments US\$'000	Consolidation Adjustments/ Eliminations (*) US\$'000	Total US\$'000
Goodwill	230,210	—	—	—	—	230,210
Other intangible assets	33,243	18,946	1,355	9,295	—	62,839
Property, plant and equipment	540,794	154,379	58,559	111,807	(83,933)	781,606
Financial assets	—	113,157	—	17,329	(110,769)	19,717
Inventories	73,901	183,868	40,475	20,575	(2,117)	316,702
Receivables	50,000	275,823	34,852	217,307	(354,497)	223,485
Other assets	37,220	30,050	20,285	59,576	(52,257)	94,874
Cash and cash equivalents	38,389	87,997	15,195	55,402	(52)	196,931
Assets and disposal groups classified as held for sale (Note 29)	—	—	—	—	92,937	92,937
<b>Total assets</b>	<b>1,003,757</b>	<b>864,220</b>	<b>170,721</b>	<b>491,291</b>	<b>(510,688)</b>	<b>2,019,301</b>
Equity	646,397	220,948	59,756	(6,798)	(28,261)	892,042
Deferred income	—	2,229	—	1,719	1	3,949
Provisions	29,837	50,482	11,770	11,832	(2,337)	101,584
Bank borrowings and other financial liabilities (excluded finance leases)	—	313,910	29,620	171,395	(5,575)	509,350
Obligations under finance leases	3,181	—	2,055	81,383	(81,382)	5,237
Trade payables	193,128	237,286	49,667	172,230	(463,867)	188,444
Other liabilities	131,214	39,365	17,853	59,530	(36,949)	211,013
Liabilities associated with assets held for sale (Note 29)	—	—	—	—	107,682	107,682
<b>Total equity and liabilities</b>	<b>1,003,757</b>	<b>864,220</b>	<b>170,721</b>	<b>491,291</b>	<b>(510,688)</b>	<b>2,019,301</b>

(\*) These amounts correspond to balances between segments that are eliminated at consolidation.

## Other disclosures

### Sales by product line

Sales by product line are as follows:

	2017 US\$'000	2016 US\$'000	2015 US\$'000
Silicon metal	739,618	751,508	592,458
Manganese alloys	363,644	223,451	260,371
Ferrosilicon	266,862	242,788	228,830
Other silicon-based alloys	188,183	173,901	105,702
Silica fume	36,338	37,480	29,660
Other	147,048	146,909	99,569
<b>Total</b>	<b>1,741,693</b>	<b>1,576,037</b>	<b>1,316,590</b>

### Information about major customers

Total sales of \$820,897 thousand, \$656,907 thousand, and \$524,821 thousand were attributable to the Company's top ten customers in 2017, 2016, and 2015 respectively. During 2017, sales corresponding to Dow Corning Corporation represented 12.2% of the Company's sales (2016: 13.7%). The sales are to the Electrometallurgy - North America and Electrometallurgy - Europe segments. However, during 2015 no single customer represented more than 10% of the Company's sales.

## 7. Goodwill

Changes in the carrying amount of goodwill during the years ended December 31, are as follows:

	January 1, 2016 US\$'000	Impairment (Note 25.5) US\$'000	Exchange differences US\$'000	December 31, 2016 US\$'000	Impairment (Note 25.5) US\$'000	Exchange differences US\$'000	December 31, 2017 US\$'000
Thaba Chueu Mining (Pty.), Ltd.	1,438	(1,612)	174	—	—	—	—
Globe Specially Metals, Inc. (Globe) (see Note 5)	425,413	(193,000)	(2,203)	230,210	(30,618)	5,695	205,287
<b>Total</b>	<b>426,851</b>	<b>(194,612)</b>	<b>(2,029)</b>	<b>230,210</b>	<b>(30,618)</b>	<b>5,695</b>	<b>205,287</b>

In accordance with the requirements of IAS 36, goodwill is tested for impairment annually and is tested for impairment between annual tests if a triggering event occurs that would indicate the carrying amount of a cash-generating unit may be impaired. Impairment testing for goodwill is done at a cash-generating unit level, and the Company performs its annual impairment test at the end of the annual reporting period (December 31<sup>st</sup>). The estimate of the recoverable value of the cash-generating units requires significant judgment in evaluation of overall market conditions, estimated future cash flows, discount rates and other factors, and are calculated based on management's business plans.

During the year ended December 31, 2017, in connection with our annual goodwill impairment test, the Company recognized an impairment charge of \$30,618 thousand related to the partial impairment of goodwill in Canada, resulting from a decline in future estimated sales prices and a decrease in our estimated long-term growth rate which caused the Company to revise its expected future cash flows from its Canadian business operations. The impairment charge is recorded within the Electrometallurgy – North America reportable segment.

During the year ended December 31, 2016, in connection with our annual goodwill impairment test, the Company recognized an impairment charge of \$193,000 thousand related to the partial impairment of goodwill at Globe, resulting from a sustained decline in sales prices that continued throughout 2016 and which caused the Company to revise its expected future cash flows from Globe's business operations. The impairment charge is recorded within the

Electrometallurgy – North America reportable segment, of which \$178,900 thousand is associated with U.S. cash-generating units and \$14,100 thousand is associated with Canadian cash-generating units.

Ferroglobe operates in a cyclical market, and silicon and silicon-based alloy index pricing and foreign import pressure into the U.S. and Canadian markets impact the future projected cash flows used in our impairment analysis. Recoverable value was estimated based on discounted cash flows and market multiples. Estimates under the Company's discounted income based approach involve numerous variables including anticipated sales price and volumes, cost structure, discount rates and long term growth that are subject to change as business conditions change, and therefore could impact fair values in the future. As of December 31, 2017, the remaining goodwill for the U.S and Canadian cash-generating units is \$172,913 thousand and \$32,374 thousand, respectively.

During the year ended December 31, 2016, the Company recognized an additional goodwill impairment charge of \$1,612 thousand associated with its quartz mining business in South Africa, Thaba Chueu Mining (Pty.), Ltd. (Thaba Chueu), as a result of its expected future cash flows. In estimating the fair value of Thaba Chueu, we considered cash flow projections using assumptions about overall market conditions, expected domestic sales pricing, and cost reduction initiatives. The impairment charge represented a write-off of the entire goodwill balance at the cash-generating unit, and it is recorded within the Electrometallurgy – South Africa segment.

#### Key assumptions used in the determination of recoverable value

In determining the asset recoverability through value in use, management makes estimates, judgments and assumptions on uncertain matters. For each cash-generating unit, the value in use is determined based on economic assumptions and forecasted operating conditions as follows:

	2017		2016	
	U.S.	Canada	U.S.	Canada
Weighted average cost of capital	10.5 %	10.5 %	9.0 %	9.5 %
Long-term growth rate	1.5 %	1.5 %	2.4 %	3.0 %
Normalized tax rate	27.1 %	26.5 %	40.0 %	26.5 %
Normalized cash free net working capital	21.0 %	21.0 %	15.0 %	15.0 %

The Company has defined a financial model which considers the revenues, expenditures, cash flows, net tax payments and capital expenditures on a five year period (2018-2022), and perpetuity beyond this tranche. The financial projections to determine the net present value of future cash flows are modeled considering the principal variables that determine the historic flows of each group of cash-generating unit.

#### Sensitivity to changes in assumptions

Changing management's assumptions, could significantly affect the evaluation of the value in use of our cash generating units and, therefore, the impairment result. The following changes to the assumptions used in the impairment test lead to the following:

	Goodwill	Excess of recoverable value over carrying value	Sensitivity on discount rate		Sensitivity on long-term growth rate		Sensitivity on cash flows	
			Decrease by 10%	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%	Increase by 10%
(in millions of US\$)								
Electrometallurgy - U.S.	172.9	239.8	78.8	(62.4)	(7.1)	7.4	(59.3)	59.3
Electrometallurgy - Canada	32.4	—	12.6	(10.0)	(1.1)	1.2	(10.1)	10.1
<b>Total</b>	<b>205.3</b>							

Refer to Note 9 (Property, plant and equipment) for discussion of Management's impairment analysis of long-lived assets and impairments recognized during the year ended December 31, 2017 and 2016.

## 8. Other intangible assets

Changes in the carrying amount of other intangible assets during the years ended December 31 are as follows:

	Development Expenditure US\$'000	Power Supply Agreements US\$'000	Rights of Use US\$'000	Computer Software US\$'000	Other Intangible Assets US\$'000	Accumulated Depreciation (Note 25.3) US\$'000	Impairment (Note 25.5) US\$'000	Total US\$'000
<b>Balance at January 1, 2016</b>	<b>40,536</b>	<b>37,836</b>	<b>19,857</b>	<b>5,881</b>	<b>19,529</b>	<b>(43,129)</b>	<b>(8,891)</b>	<b>71,619</b>
Additions	1,162	—	1,171	—	8,160	(12,649)	(230)	(2,386)
Disposals	—	—	—	—	(5,580)	—	—	(5,580)
Exchange differences	(1,344)	—	(683)	(66)	(325)	1,149	455	(814)
<b>Balance at December 31, 2016</b>	<b>40,354</b>	<b>37,836</b>	<b>20,345</b>	<b>5,815</b>	<b>21,784</b>	<b>(54,629)</b>	<b>(8,666)</b>	<b>62,839</b>
Additions	260	—	55	—	14,472	(8,440)	(443)	5,904
Disposals	—	—	—	(10)	(14,294)	565	—	(13,739)
Transfers from/(to) other accounts	4,044	—	—	—	(150)	(3,894)	—	—
Exchange differences	5,824	—	2,639	242	2,451	(6,353)	(1,149)	3,654
<b>Balance at December 31, 2017</b>	<b>50,482</b>	<b>37,836</b>	<b>23,039</b>	<b>6,047</b>	<b>24,263</b>	<b>(72,751)</b>	<b>(10,258)</b>	<b>58,658</b>

Development expenditure additions in 2017 and 2016 primarily relate to the development of the “Silicio Solar” project, undertaken by several subsidiaries.

Additions and disposals in other intangible asset in 2017 and 2016 primarily relate to the acquisition, use and expiration of rights held to emit greenhouse gasses by several Spanish and French subsidiaries (see Note 4.20).

As a result of the business combination with Globe in 2015, the Company acquired a power supply agreement which provides favorable below-market power rates to a United States production facility as well as the computer software system used at all United States subsidiaries.

The Company was granted certain rights of use on various assets that will have to be returned, free of charges, in successive years. The cost of the assets associated with these concessions is depreciated over the shorter of the useful life of the assets and the period for use and it is estimated that the costs, if any, to be incurred when the assets are handed over will not be significant.

Refer to Note 9 (Property, plant and equipment) for discussion of Management’s impairment analysis of long-lived assets and impairments recognized during the year ended December 31, 2017 and 2016.



## 9. Property, plant and equipment

The detail of Property, plant and equipment, net of the related accumulated depreciation and impairment in 2017 and 2016 is as follows:

	Land and Buildings	Plant and Machinery	Other Fixtures, Tools and Furniture	Advances and Property, Plant and Equipment in the Course of Construction	Mineral Reserves	Other Items of Property, Plant and Equipment	Accumulated Depreciation (Note 25.3) US\$'000	Impairment (Note 25.5) US\$'000	Total US\$'000
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at January 1, 2016</b>	<b>222,462</b>	<b>1,339,403</b>	<b>5,100</b>	<b>81,028</b>	<b>59,989</b>	<b>30,059</b>	<b>(716,569)</b>	<b>(49,899)</b>	<b>971,573</b>
Additions	488	3,017	801	60,035	—	204	(105,695)	(67,624)	(108,774)
Disposals and other	(600)	(1,448)	—	(688)	—	(7)	1,980	—	(763)
Transfers from/(to) other accounts	4,106	57,345	116	(61,567)	—	—	—	—	—
Exchange differences	(3,015)	(11,594)	28	(2,114)	—	1,947	13,399	4,854	3,505
Transfer to assets and disposal groups classified as held for sale and discontinued operations (see Note 29)	(32,383)	(166,668)	(73)	(26,829)	—	—	141,378	640	(83,935)
<b>Balance at December 31, 2016</b>	<b>191,058</b>	<b>1,220,055</b>	<b>5,972</b>	<b>49,865</b>	<b>59,989</b>	<b>32,203</b>	<b>(665,507)</b>	<b>(112,029)</b>	<b>781,606</b>
Additions	1,665	1,849	2,262	71,204	—	1,455	(94,051)	104	(15,512)
Disposals and other	(202)	(56,475)	(607)	(1,029)	—	(164)	49,403	—	(9,074)
Transfers from/(to) other accounts	5,228	49,892	377	(58,480)	(90)	(58)	3,131	—	—
Exchange differences	16,843	96,709	450	9,225	460	(1,072)	(73,575)	(5,058)	43,982
Additions to the scope of consolidation	1,648	97	—	16,985	—	—	—	—	18,730
Transfer from assets and disposal groups classified as held for sale (see Note 29)	35,058	178,677	79	40,814	—	—	(155,726)	(660)	98,242
<b>Balance at December 31, 2017</b>	<b>251,298</b>	<b>1,490,804</b>	<b>8,533</b>	<b>128,584</b>	<b>60,359</b>	<b>32,364</b>	<b>(936,325)</b>	<b>(117,643)</b>	<b>917,974</b>

Additions to the scope of consolidation represents the contribution by the non-controlling interest partner, Blue Power Corporation, S.L. (“Blue Power”) to the solar production facility located in Puertollano, Spain.

During 2017 and 2016 the Company has tested the long-lived assets for impairment of subsidiaries with uncertain cash flows.

As a result of the economic, political and social instability in Venezuela, uncertainty existed surrounding the cash flow generation capacity of FerroAtlántica de Venezuela, SA. (“FerroVen”). Due to these unfavorable conditions, the Company’s management decided to cease export sales at FerroVen until free market conditions are reestablished. Operations are continuing at a reduced level of output with sales made to the local domestic market, however until exports recommence the business is expected to generate minimal or negative cash flows. As a result, in 2016, the Company impaired FerroVen’s long-lived assets by \$58,472 thousand, mostly relation to property, plant and equipment.

In 2016, the Company recognized impairment for the South African group mining subsidiary, Thaba Chueu Mining (Pty) Ltd., to the value of \$9,176 thousand, comprising goodwill of \$1,612 thousand intangible assets of \$230 thousand and Property, plant and equipment of \$7,334 thousand. The Company based this impairment assessment on the weak generation of expected future cash flows in the coming years, due to the unfavorable market conditions with third parties which was mainly linked to the low quartz prices in the local market.

During 2017, the Company reversed impairment of \$685 thousand related to the Company’s hydroelectric facilities. During this same period, impairment was recognized of \$581 thousand, which related to the abandonment of minor projects.

The Company takes out insurance policies to cover the possible risks to which its Property, plant and equipment are subject and against which claims might be filed in the pursuit of its business activities. These policies are considered to adequately cover the risks to which the related items were subject at December 31, 2017 and 2016.

**Property, plant and equipment pledged as security**

At December 31, 2017 and 2016, the Company has property, plant and equipment of \$660,960 thousand and \$597,385 thousand, respectively, pledged as security for outstanding bank loans and other payables.

**Finance leases**

Finance leases held by the Company included in Plant and Machinery at December 31 are as follows:

	Life (Years)	Time Elapsed (Years)	Historical Cost (Euros)	Cost (\$)	Accumulated Depreciation (\$)	Carrying Amount (\$)	Interest Payable (\$)	Lease Payments Outstanding (\$)
December 31, 2017 Hydroelectrical installations	10	5.6	109,047	130,780	(84,000)	46,780	—	80,639
December 31, 2016 Hydroelectrical installations (*)	10	4.6	109,047	114,946	(73,866)	41,080	—	81,383

(\*) The balance of the assets and liabilities related to Hydroelectrical installations as of December 31, 2016 was presented as a disposal group held for sale (see Note 29). Refer to Note 17 for minimum finance lease payments by year.

These assets will revert back to the Spanish State, free of charges, between 2038 and 2060. The costs incurred at the time of the reversal are not deemed to be significant.

**Commitments**

As Pursuant to the Solar JV Agreement, FerroAtlántica has committed to incur capital expenditures in connection with the joint venture of approximately \$62,000 thousand over the next two years. Plans for and financing of further phases are subject to agreement and approval by the parties to the Solar JV Agreement pursuant to specified procedures. To the extent the project continues into further phases, we would expect to commit, in the future and subject to appropriate approval and authorization, to incur approximately \$53,500 thousand in joint venture-related capital expenditures in the first year of the second phase.

At December 31, 2017 and 2016, the Company has capital expenditure commitments totaling \$4,598 thousand and \$12,493 thousand, respectively, primarily related to maintenance and improvement works at plants and as of December 31, 2016 the addition of 19 MW of annual capacity to existing hydroelectric power plants in Spain.

**10. Financial assets**

**Other financial assets**

Other financial assets comprise the following at December 31:

	2017		
	Non- Current US\$'000	Current US\$'000	Total US\$'000
Other financial assets held with third parties:			
Loans and receivables	3,081	—	3,081
Other	86,234	2,469	88,703
<b>Total</b>	<b>89,315</b>	<b>2,469</b>	<b>91,784</b>

	2016		
	Non-Current US\$'000	Current US\$'000	Total US\$'000
Other financial assets held with third parties:			
Loans and receivables	2,388	—	2,388
Other	3,435	4,049	7,484
<b>Total</b>	<b>5,823</b>	<b>4,049</b>	<b>9,872</b>

At December 31, 2017, Other includes an amount of \$82,638 thousand (2016: \$nil) corresponding to an investment in subordinated loan notes issued by a special purpose entity that has purchased accounts receivable from the Company pursuant to a securitization program (see 'Securitization of trade receivables' below). The planned maturity of this amount is July 31, 2020 when the Program term ends.

At December 31, 2017, loans and receivables are stated net of a provision for impairment of \$4,462 thousand in respect of amounts due from non-controlling interests (2016: \$4,547 thousand). At December 31, 2016, other financial assets were stated net of a provision for impairment of \$1,076 thousand. This amount was written off during the year ended December 31, 2017.

Non-current loans and receivables primarily relate to payments to local public-sector entities pursuant to local legislation of various subsidiaries, which will be paid back to the subsidiaries or replaced with third-party loans. These accounts are carried at amortized cost.

The planned long-term maturity of the above non-current loans and receivables at December 31 is as follows:

	2017					
	2019 US\$'000	2020 US\$'000	2021 US\$'000	2022 US\$'000	Other US\$'000	Total US\$'000
Other financial assets held with third parties:						
Loans and receivables	344	156	161	142	2,278	3,081

	2016					
	2018 US\$'000	2019 US\$'000	2020 US\$'000	2021 US\$'000	Other US\$'000	Total US\$'000
Other financial assets held with third parties:						
Loans and receivables	404	153	137	141	1,553	2,388

**Trade and other receivables**

Trade and other receivables comprise the following at December 31:

	2017 US\$'000	2016 US\$'000
Trade receivables	67,947	152,303
Trade notes receivable	—	725
Unmatured discounted notes and bills	—	719
Doubtful trade receivables	17,346	14,671
Tax receivables <sup>(1)</sup>	27,118	17,299
Employee receivables	392	456
Other receivables	16,006	37,904
Less – allowance for doubtful debts	(17,346)	(14,671)
<b>Total</b>	<b>111,463</b>	<b>209,406</b>

- (1) "Tax receivables" is primarily related to VAT receivables, which are recovered either by offsetting against VAT payables or are expected to be refunded by the tax authorities in the relevant jurisdictions.

The trade and other receivables disclosed above are classified as loans and receivables and are therefore measured at amortized cost. Due to the short-term nature of these receivables, their carrying amount is considered to approximate their fair value.

The age of the past-due receivables for which no allowance had been recognized is as follows:

	2017 US\$'000	2016 US\$'000
0-90 days	22,085	54,428
90-180 days	5,316	9,011
180-360 days	3,938	1,061
	<u>31,339</u>	<u>64,500</u>

The changes in the allowance for doubtful debts during 2017 and 2016 were as follows:

	Allowance US\$'000
<b>Balance at January 1, 2016</b>	<b>11,068</b>
Impairment losses recognized (Note 25.3)	7,578
Amounts written off as uncollectible	(3,425)
Exchange differences	(550)
<b>Balance at December 31, 2016</b>	<b>14,671</b>
Impairment losses recognized (Note 25.3)	1,784
Amounts written off as uncollectible	(643)
Exchange differences	1,534
<b>Balance at December 31, 2017</b>	<b>17,346</b>

Sales to the Company's biggest customer, Dow Corning Corporation, represented 12.2% of the Company's sales during the year ended December 31, 2017 (2016: 13.7%).

### ***Securitization of trade receivables***

On July 31, 2017, the Company entered into an accounts receivable securitization program (the “Program”) where trade receivables held by the Company’s subsidiaries in the US, Canada, Spain and France are sold to Ferrous Receivables DAC, a special purpose entity domiciled and incorporated in Ireland (the “SPE”). Eligible receivables are sold to the SPE on an on-going basis at an agreed upon purchase price. Part of the consideration is received upfront in cash and part is deferred in the form of senior subordinated and junior subordinated loans notes issued by the SPE to the selling entities. Up to \$250,000 thousand of upfront cash consideration can be provided by the SPE under the Program, financed by ING Bank N.V., as senior lender and Finacity Capital Management Inc., as intermediate subordinated lender and control party. In respect of trade receivables outstanding at December 31, 2017, the SPE had provided upfront cash consideration of approximately \$166,525 thousand. The Program has a three-year term until July 31, 2020.

During the year ended December 31, 2017, the Company sold approximately \$850 million of trade receivables to the SPE. The loss on transfer of the receivables, or purchase discount, which equates to difference between the carrying amount of the receivable and the purchase consideration, was \$7,256 thousand and has been recognized within finance costs in the consolidated income statement (see Note 25.4).

As a lender to the SPE, the Company earns interest on its senior subordinated and junior subordinated loan receivables. During the year ended December 31, 2017, the Company earned interest of \$1,313 thousand in respect of these loan receivables, recognized within finance income in the consolidated income statement.

The Company is engaged as master servicer to the SPE whereby the Company is responsible for the cash collection, reporting and cash application of the sold receivables. As master servicer, the Company earns a fixed management fee and an additional servicing fee which entitles the Company to a residual interest upon liquidation of the SPE. This results in the Company being exposed to variable returns. The additional servicing fee will only be paid out on liquidation of the SPE and from any excess cash flows remaining after all lenders to the SPE have been repaid. During the year ended December 31, 2017, the Company earned \$622 thousand of servicing fees from the SPE. The service fee receivables are included in other non-current financial assets in the consolidated statement of financial position and this represents the Company’s maximum exposure to loss from this continuing involvement in the transferred assets.

#### *Judgements relating to the consolidation of the SPE*

The Company does not own shares in the SPE or have the ability to appoint its directors. In determining whether to consolidate the SPE, the Company has evaluated whether it has control over the SPE, in particular, whether it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Receivables are sold to the SPE under a true sale opinion with legal interest transferred from the Company to the SPE. While the sale of receivables to the SPE is without credit recourse, the Company continues to be exposed to the variability of risks and rewards associated with ownership as it is exposed to credit risk as senior subordinated and junior subordinated lender and it has rights to variable returns in respect of its remuneration as master servicer.

The Company considers that the returns of the investees in the SPE are affected by the management of the receivables portfolio. In particular, it is the management of any impaired receivables that significantly impacts the variability of the returns of the SPE. The act of servicing receivables on a day-to-day basis does not constitute a relevant activity, as this does not significantly impact the returns of the SPE. The intermediate subordinated lender, has the unabated ability to remove the Company as servicer of impaired receivables and take the decision to sell such receivables, giving it the unilateral power to affect the relevant activities of these receivables and thereby influence the variable

returns. Accordingly, the Company has concluded that it does not control the SPE and therefore does not include the SPE in the Company's consolidation.

#### *Derecognition of transferred financial assets*

The Company considers that when receivables are sold to the SPE, it has neither substantially transferred or substantially retained all the variability of risks and rewards associated with ownership of the receivables. The assets are pledged as security under the Senior Loans, therefore the SPV is restricted from selling them. According to that, the Company concludes that control of the assets has not been transferred and it should recognize the assets to the extent of its continuing involvement. This continuing involvement has been considered to equate to the investment in the junior subordinated note, and therefore has been deemed immaterial. At December 31, 2017, the derecognition of trade receivables has resulted in the recognition of loans to the SPE and receivables from the SPE totaling \$82,638 thousand in aggregate, presented within other non-current financial assets. These loans and receivables have a contractual maturity of July 31, 2020 and their carrying amount of \$82,638 thousand represent the entity's maximum exposure to loss from the SPE. As senior subordinated and junior subordinated lender to the SPE, the Company's has a security interest in the sold receivables. This interest is junior to that of the senior lender, ING Bank N.V. The Company's expected credit loss in respect of these loans is not material.

The investment in the senior subordinated and junior subordinated loans is carried at fair value with changes in fair value recognized in profit and loss. As of December 31, 2017, the fair value did not differ significantly from the face value of the loans, and the valuation has been considered as level III in the IFRS fair value hierarchy since it is not primarily based on observable inputs. The senior subordinated and junior subordinated loans main characteristics are as follows:

	<b>Amount</b> <b>US\$'000</b>	<b>Interest</b> <b>Rate</b>	<b>Currency</b>
Senior Subordinated Loan	82,345	4%	U.S. Dollars
Junior Subordinated Loan	293	30%	U.S. Dollars

The junior subordinated Loan ranks fourth in the order of priority of payments, whereas the Senior Subordinated Loan ranks second in the priority of payments after the Senior Lender tranche. Finacity Capital Management Inc. investment in the intermediate subordinated loan ranks third in the order of priority of payments and the maximum investment committed by Finacity Capital Management Inc. amounts to \$5,000 thousand.

#### *Factoring without recourse arrangements*

The Company enters into certain factoring without recourse arrangements for trade receivables. There were \$3,801 thousand and \$100,827 thousand of factored receivables outstanding as of December 31, 2017 and 2016, respectively. These factoring arrangements transfer substantially all the economic risks and rewards associated with the ownership of accounts receivable to a third party and therefore are accounted for by derecognizing the accounts receivable upon receiving the cash proceeds of the factoring arrangement.

## 11. Inventories

Inventories comprise the following at December 31:

	2017 US\$'000	2016 US\$'000
Finished industrial goods	160,060	116,629
Raw materials in progress and industrial supplies	177,728	176,568
Other inventories	24,902	23,708
Advances to suppliers	170	954
Less – provision for write-downs	(1,629)	(1,157)
<b>Total</b>	<b>361,231</b>	<b>316,702</b>

The changes in the provision for write-downs during 2017 and 2016 were as follows:

	Provision for write-downs US\$'000
<b>Balance at January 1, 2016</b>	<b>3,210</b>
Charge for the year (Note 25.3)	—
Amount used	(2,048)
Exchange differences	(5)
<b>Balance at December 31, 2016</b>	<b>1,157</b>
Charge for the year (Note 25.3)	405
Amount used	(105)
Exchange differences	172
<b>Balance at December 31, 2017</b>	<b>1,629</b>

The write-downs in 2017 and 2016 were recognized to adjust the acquisition or production cost to the net realizable value of the inventories. The Company records other than temporary inventory impairment to Cost of sales in the consolidated income statement.

The Company's purchase commitments totaled approximately \$28,467 thousand at December 31, 2017 and \$19,956 thousand at December 31, 2016.

At December 31, 2017 and 2016, approximately \$0 and \$118,561 thousand respectively, of inventories are secured as collateral for several outstanding loan agreements.

## 12. Other assets

Other assets comprise the following at December 31:

	2017			2016		
	Non- Current US\$'000	Current US\$'000	Total US\$'000	Non- Current US\$'000	Current US\$'000	Total US\$'000
Guarantees and deposits given	2,022	8	2,030	1,139	—	1,139
Prepayments and accrued income	—	2,977	2,977	—	6,211	6,211
Biological assets	27,279	—	27,279	17,365	—	17,365
Other assets	758	6,941	7,699	1,741	3,599	5,340
<b>Total</b>	<b>30,059</b>	<b>9,926</b>	<b>39,985</b>	<b>20,245</b>	<b>9,810</b>	<b>30,055</b>

Biological assets comprise timber farms in South Africa, which are a source of raw materials used for the production of silicon metal. The biological assets are measured at fair value (see Note 28).

**13. Equity****Share capital**

Ferroglobe PLC was incorporated on February 5, 2015 and issued one ordinary share with a face value of \$1.00. The share was issued but uncalled. On October 13, 2015, the Company increased its share capital by £50,000 by issuing 50,000 sterling non-voting redeemable preference shares (the “Non-voting Shares”) as well as 14 ordinary shares with a par value of \$1.00. Subsequently on October 13, 2015, the Company consolidated the 15 ordinary shares at a par value of \$1.00 to two ordinary shares with a par value of \$7.50, for a total amount of \$15.00.

On December 23, 2015, the Company acquired all of the issued and outstanding ordinary shares from Grupo Villar Mir, S.A.U., par value €1,000 per share, of Grupo FerroAtlántica, S.A.U. in exchange for 98,078,161 newly-issued Ferroglobe Class A ordinary shares, nominal value \$7.50 per share, making Grupo FerroAtlántica, S.A.U. a wholly-owned subsidiary of the Company. The company subsequently redeemed all Non-voting Shares.

Subsequently on December 23, 2015, Gordon Merger Sub, Inc., a wholly owned subsidiary of the Company, merged with Globe Specialty Metals, Inc., and all outstanding shares of GSM common stock, par value \$0.0001 per share were converted to the right to receive one newly-issued Ferroglobe ordinary share, nominal value \$7.50 per share. The ordinary shares were registered by the Company pursuant to a registration statement on Form F-4, which was declared effective by the SEC on August 11, 2015, and trade on the NASDAQ Global Select Market under the ticker symbol “GSM.”

On June 22, 2016 the Company completed a reduction of the share capital and as such the nominal value of each share has been reduced from \$7.50 to \$0.01, with the amount of the capital reduction being credited to a distributable reserve.

On November 18, 2016, Class A Ordinary Shares were converted into ordinary shares of Ferroglobe as a result of the distribution of beneficial interest units in the Ferroglobe Representation and Warranty Insurance Trust to certain Ferroglobe shareholders.

During the year ended December 31, 2017, the Company issued 138,578 new ordinary shares, comprising: 108,578 shares issued upon vesting of restricted stock units; and 30,000 shares issued upon exercise of stock options.

At December 31, 2017, there were 171,976,731 ordinary shares outstanding with a par value of \$0.01, for a total issued and outstanding share capital of \$1,796 thousand, (2016: 171,838,153 ordinary shares outstanding with a par value of \$0.01, for a total issued and outstanding share capital of \$1,795 thousand). At December 31, 2017, the Company’s largest shareholder is as follows:

Name	Number of Shares Beneficially Owned	Percentage of Outstanding Shares
Grupo Villar Mir, S.A.U.	94,554,634	55.0 %

**Valuation adjustments**

Valuation adjustments comprise the following at December 31:

	2017 US\$'000	2016 US\$'000
Actuarial gains and losses	(2,998)	(7,509)
Hedging instruments and other	(13,801)	(4,378)
<b>Total</b>	<b>(16,799)</b>	<b>(11,887)</b>



### Capital management

The Company's primary objective is to maintain a balanced and sustainable capital structure through the industry's economic cycles, while keeping the cost of capital at competitive levels so as to fund the Company's growth. The main sources of financing are as follows:

1. cash flow from operations;
2. bank borrowings, including revolving credit facilities;
3. debt instruments, including the senior notes due 2022; and
4. finance leases, predominantly in relation to hydroelectrical installations.

The Company also focuses on optimizing its working capital, which in 2017 has included the sale of trade receivables pursuant to a securitization programme (see Note 10).

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of financial covenants. To maintain or adjust the capital structure, the Company may restructure or issue new borrowings or debt, make dividend payments, return capital to shareholders or issue new shares. Management's review of the Company's capital structure includes monitoring of the leverage ratio, which was as follows at December 31:

	2017 US\$'000	2016 (***) US\$'000	2015 US\$'000
Gross financial debt (*)	571,337	514,587	516,976
Cash and cash equivalents	(184,472)	(196,931)	(116,666)
<b>Total net financial debt</b>	<b>386,865</b>	<b>317,656</b>	<b>400,310</b>
<b>Total equity (**)</b>	<b>937,758</b>	<b>892,042</b>	<b>1,294,973</b>
<b>Total net financial debt / total equity</b>	<b>41.25 %</b>	<b>35.61 %</b>	<b>30.91 %</b>

(\*) Gross financial debt comprises bank borrowings, obligations under finance leases, debt instruments and other financial liabilities.

(\*\*) Total equity comprises all capital and reserves of Company as stated in the consolidated statement of financial position.

(\*\*\*) At December 31, 2016, net financial debt excludes gross financial debt of \$86,959 thousand and cash and cash equivalents of \$51 thousand related to the Spanish energy business as these balances were classified as held for sale as at that date (see Note 29). If these balances had been included, net financial debt would have been \$404,615 thousand and the net financial debt / equity ratio would have been 45.4%.

The classification of the Company's gross financial debt between non-current and current at December 31 is as follows:

	2017		2016 (*)		2015	
	Balance US\$'000	%	Balance US\$'000	%	Balance US\$'000	%
Non-current gross financial debt	458,056	80.17 %	269,325	52.34 %	320,993	62.09 %
Current gross financial debt	113,281	19.83 %	245,262	47.66 %	195,983	37.91 %
<b>Total gross financial debt</b>	<b>571,337</b>	<b>100.00 %</b>	<b>514,587</b>	<b>100.00 %</b>	<b>516,976</b>	<b>100.00 %</b>

(\*) At December 31, 2016, gross financial debt excluded \$86,959 thousand related to the Spanish energy business, of which \$76,452 thousand would have been presented as non-current and \$10,507 thousand would have been presented as current had the business not been classified as held for sale (see Note 29). Had these balances been included, gross financial debt would have been \$601,546 thousand.

**Dividends**

There were no dividends paid or proposed by the Company during the year ended December 31, 2017.

During the year ended December 31, 2016, the Company declared four interim dividend payments of \$0.08 per share, paid on March 14, August 12, September 28, and December 29, and each totaling \$13,747 thousand, respectively, distributed as cash payments through reserves. As of December 31, 2016, all dividends declared were paid.

**Non-controlling interests**

The changes in Non-controlling interests in the consolidated statements of financial position in 2017 and 2016 were as follows:

	<b>Balance US\$'000</b>
<b>Balance at January 1, 2016</b>	<b>141,823</b>
Loss for the year	(20,186)
Translation differences and other	3,919
<b>Balance at December 31, 2016</b>	<b>125,556</b>
Loss for the year	(5,144)
Dividends paid to joint venture partner	(7,350)
Non-controlling interest arising on the acquisition of FerroSolar Opco Group S.L.	6,750
Translation differences and other	1,922
<b>Balance at December 31, 2017</b>	<b>121,734</b>

The stand-alone statutory information regarding the largest non-controlling interests, in accordance with IFRS 12 Disclosure of Interests in Other Entities, is as follows:

WVA Manufacturing, LLC (WVA) was formed on October 28, 2009 as a wholly-owned subsidiary of Globe. On November 5, 2009, Globe sold a 49% membership interest in WVA to Dow Corning Corporation ("Dow Corning"), an unrelated third party. As part of the sale of the 49% membership interest to Dow Corning, an operating agreement and an output and supply agreement were established. The output and supply agreement states that of the silicon metal produced by WVA, 49% will be sold to Dow Corning and 51% to Globe, which represents each member's ownership interest, at a price equal to WVA's actual production cost plus \$100 per metric ton. The agreement will automatically terminate upon the dissolution or liquidation of WVA in accordance with the joint venture agreement between Globe and Dow Corning. As of December 31, 2017 and 2016, the balance of Non-controlling interest related to WVA was \$80,868 thousand and \$93,506 thousand, respectively.

Quebec Silicon Limited Partnership (QSLP), formed under the laws of the Province of Québec on August 20, 2010 is managed by its general partner, Quebec Silicon General Partner Inc., which is a wholly-owned subsidiary of Globe. QSLP owns and operates the silicon metal operations in Bécancour, Québec. QSLP's production output is subject to a supply agreement, which sells 51% of the production output to Globe and 49% to Dow Corning, which represents each member's ownership interest, at a price equal to QSLP's actual production cost plus 31 Canadian dollars per

metric ton. As of December 31, 2017 and 2016, the balance of Non-controlling interest related to QSLP was \$46,830 thousand and \$45,349 thousand, respectively.

	2017		2016	
	WVA US\$'000	QSLP US\$'000	WVA US\$'000	QSLP US\$'000
<b>Statement of Financial Position</b>				
Non-current assets	88,532	68,521	69,329	30,410
Current assets	45,269	33,076	34,116	64,307
Non-current liabilities	14,678	14,213	4,226	12,276
Current liabilities	36,359	18,346	16,121	17,016
<b>Income Statement</b>				
Sales	161,014	97,697	165,640	96,869
Operating profit	5,947	467	6,197	833
Profit before taxes	5,947	122	6,209	886
Net Income	14,678	42	9,782	886
<b>Cash Flow Statement</b>				
Cash flows from operating activities	16,017	7,076	10,012	4,690
Cash flows from investing activities	(2,193)	(5,422)	(8,496)	(6,142)
Cash flows from financing activities	(15,000)	(2)	—	—
Exchange differences on cash and cash equivalents in foreign currencies	—	68	—	85
Beginning balance of cash and cash equivalents	1,516	742	—	2,109
<b>Ending balance of cash and cash equivalents</b>	<b>340</b>	<b>2,462</b>	<b>1,516</b>	<b>742</b>

#### 14. Earnings (loss) per ordinary share

Basic earnings (loss) per ordinary share are calculated by dividing the consolidated profit (loss) for the year attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held in the year, if any. Dilutive earnings (loss) per share assumes the exercise of stock options, provided that the effect is dilutive.

	2017 US\$'000 (except for share amounts)	2016 US\$'000 (except for share amounts)	2015 (*) US\$'000 (except for share amounts)
<b>Basic loss per ordinary share computation</b>			
Numerator:			
Loss attributable to the Parent	(678)	(338,427)	(43,268)
Denominator:			
Weighted average basic shares outstanding	171,949,128	171,838,153	99,699,262
<b>Basic loss per ordinary share</b>	<b>—</b>	<b>(1.97)</b>	<b>(0.43)</b>
<b>Diluted loss per ordinary share computation</b>			
Numerator:			
Loss attributable to the Parent	(678)	(338,427)	(43,268)
Denominator:			
Weighted average basic shares outstanding	171,949,128	171,838,153	99,699,262
Effect of dilutive securities	—	—	—
Weighted average dilutive shares outstanding	171,949,128	171,838,153	99,699,262
<b>Diluted loss per ordinary share</b>	<b>—</b>	<b>(1.97)</b>	<b>(0.43)</b>

Potential ordinary shares of 170,673, 96,236, and 107,913 were excluded from the calculation of diluted earnings (loss) per ordinary share in 2017, 2016, and 2015 respectively because their effect would be anti-dilutive.

(\*) Due to the exchange in shares outstanding in which the Company acquired all 200,000 of the issued and outstanding ordinary shares from Grupo Villar Mir, S.A.U., of FerroAtlántica in exchange for 98,078,161 newly-issued Ferroglobe Class A ordinary shares in connection with the Business Combination (see Note 13 – Equity), the Company considered the 98,078,163 newly-issued shares related to FerroAtlántica, as the Predecessor, as the total shares outstanding for the period from January 1, 2015 to December 23, 2015 (date of Business Combination) for the purposes of calculating average number of shares outstanding.

## 15. Provisions

Provisions comprise the following at December 31:

	2017			2016		
	Non- Current US\$'000	Current US\$'000	Total US\$'000	Non- Current US\$'000	Current US\$'000	Total US\$'000
Provision for pensions	59,195	—	59,195	60,660	216	60,876
Environmental provision	3,121	346	3,467	2,778	305	3,083
Provisions for litigation	—	11,732	11,732	—	—	—
Provisions for third-party liability	7,639	—	7,639	5,822	13	5,835
Other provisions	12,442	21,017	33,459	12,697	19,093	31,790
<b>Total</b>	<b>82,397</b>	<b>33,095</b>	<b>115,492</b>	<b>81,957</b>	<b>19,627</b>	<b>101,584</b>

The changes in the various line items of provisions in 2017 and 2016 were as follows:

	Provision for Pensions US\$'000	Environmental Provision US\$'000	Provisions for Litigation in Progress US\$'000	Provisions for Third Party Liability US\$'000	Other Provisions US\$'000	Total US\$'000
<b>Balance at January 1, 2016</b>	<b>58,503</b>	<b>2,725</b>	<b>787</b>	<b>7,288</b>	<b>21,560</b>	<b>90,863</b>
Charges for the year	6,009	272	—	—	6,777	13,058
Provisions reversed with a credit to income	—	—	—	(1,765)	(156)	(1,921)
Amounts used	(4,812)	(62)	—	(189)	(2,508)	(7,571)
Provision against equity	(4,297)	—	—	—	—	(4,297)
Transfers from/(to) other accounts	—	—	(787)	—	7,384	6,597
Exchange differences and others	5,473	148	—	501	61	6,183
Transfer to liabilities associated with assets held for sale (see Note 29)	—	—	—	—	(1,328)	(1,328)
<b>Balance at December 31, 2016</b>	<b>60,876</b>	<b>3,083</b>	<b>—</b>	<b>5,835</b>	<b>31,790</b>	<b>101,584</b>
Charges for the year	5,082	133	10,807	2,451	8,440	26,913
Provisions reversed with a credit to income	(1,321)	—	(237)	(181)	(545)	(2,284)
Amounts used	(2,304)	(93)	—	—	(8,818)	(11,215)
Provision against equity	(4,511)	—	—	—	—	(4,511)
Transfers from/(to) other accounts	—	—	931	(12)	(612)	307
Exchange differences and others	1,373	344	231	(454)	1,739	3,233
Transfer from liabilities associated with assets held for sale (see Note 29)	—	—	—	—	1,465	1,465
<b>Balance at December 31, 2017</b>	<b>59,195</b>	<b>3,467</b>	<b>11,732</b>	<b>7,639</b>	<b>33,459</b>	<b>115,492</b>

The main provisions relating to employee obligations are as follows:

### France

These relate to various obligations assumed by FerroPem, S.A.S. with various groups of employees relate to long-service benefits, medical insurance supplements and retirement obligations, all of which are defined benefit obligations, whose changes in 2017 and 2016 were as follows:

	2017 US\$'000	2016 US\$'000
<b>Obligations at the beginning of year</b>	<b>29,733</b>	<b>26,834</b>
Current service cost	1,834	1,530
Borrowing costs	383	527
Actuarial differences	(4,570)	2,854
Benefits paid	(1,471)	(972)
Exchange differences	3,859	(1,040)
<b>Obligations at the end of year</b>	<b>29,768</b>	<b>29,733</b>

At December 31, 2017 and 2016, the effect of a 1% change in the cost of this provision would have resulted in a change to the provision of approximately \$3,970 thousand and \$1,926 thousand, respectively.

The following table reflects the gross benefit payments that are expected to be paid for the benefit plans for the year ended December 31, 2017:

	2017 US\$'000
2018	1,485
2019	1,066
2020	1,472
2021	1,211
2022	1,431
Years 2023-2027	9,190

The subsidiary recognized provisions in this connection based on an actuarial study performed by an independent expert.

### South Africa

Defined benefit plans relate to Retirement medical aid obligations and Retirement benefits. Actuarial valuations are performed periodically by independent third parties and in the actuary's opinion the fund was in a sound financial position. The valuation was based upon the amounts as per the latest valuation report received from third party experts.

#### *Retirement medical aid obligations*

The Company provides post-retirement benefits by way of medical aid contributions for employees and/or dependents.

#### *Retirement benefits*

It is the policy of the Company to provide retirement benefits to all its employees and therefore membership of the retirement fund is compulsory. The Company has both defined contribution and defined benefit plans. The pension fund obligation is recognized in current provisions as the Company will contribute the difference to the plan assets within the next 12 months.

In this regard, the changes of this provision in 2017 and 2016 were as follows:

	2017 US\$'000	2016 US\$'000
<b>Obligations at beginning of year</b>	<b>8,760</b>	<b>7,989</b>
Current service cost	310	307
Borrowing costs	932	817
Actuarial differences	(2,226)	(998)
Benefits paid	(740)	(424)
Exchange differences	836	1,069
<b>Obligations at end of year</b>	<b>7,872</b>	<b>8,760</b>

At December 31, 2017 and 2016, the effect of a 1% change in the cost of the medical aid would have resulted in a change to the provision of approximately \$297 thousand and \$607 thousand, respectively.

The breakdown, in percentage, of the plan assets are as follows:

	2017	2016
Cash	47.45 %	17.42 %
Equity	24.79 %	35.31 %
Bond	7.66 %	13.23 %
Property	1.41 %	2.76 %
International	15.74 %	25.47 %
Others	2.95 %	5.81 %
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>

As of December 31, 2017 and 2016 the Plan assets amounted to \$2,248 thousand and \$3,532 thousand, respectively. Changes in the fair value of plan assets linked to the defined benefit plans in South Africa were as set forth in the following table:

	2017 US\$'000	2016 US\$'000
<b>Fair value of plan assets at the beginning of the year</b>	<b>3,532</b>	<b>2,703</b>
Interest income on assets	255	284
Benefits paid	(2,609)	—
Actuarial differences	270	(112)
Other	800	657
<b>Fair value of plan assets at the end of the year</b>	<b>2,248</b>	<b>3,532</b>
<b>Actual return on assets</b>	<b>525</b>	<b>165</b>

## Venezuela

### *Benefit Plan*

The company FerroVen has pension obligations to all of its employees who, once reaching retirement age, have accumulated at least 15 years of service to the company and receive a Venezuelan Social Security Institute (IVSS) pension. In addition to the pension paid by the IVSS, 80% of the basic salary accrued when the pension benefit is awarded is guaranteed and paid by means of a lifelong monthly pension.

The most recent of the present value of the defined benefit obligation actuarial valuation was determined at December 31, 2017 by independent actuaries. The present value of the obligation for defined benefit cost, the current service cost and past service cost were determined using the projected unit credit method.

In this regards, the changes of this provision in 2017 and 2016 were as follows:

	2017 US\$'000	2016 US\$'000
<b>Obligations at the beginning of year</b>	<b>2,955</b>	<b>3,089</b>
Current service cost	158	89
Borrowing costs	2,255	535
Actuarial differences	—	2,262
Benefits paid	(93)	(135)
Exchange differences	(3,392)	(2,885)
<b>Obligations at the end of year</b>	<b>1,883</b>	<b>2,955</b>

The summary of the main actuarial assumptions used to calculate the aforementioned obligations is as follows:

	France		South Africa		Venezuela	
	2017	2016	2017	2016	2017	2016
Salary increase	1.60%-6.10%	1.60%-6.10%	8.1 %	8.2 %	207.25 %	60 %
Discount rate	2%	2%	10.3 %	9.8 %	219.54 %	76.80 %
Expected inflation rate	1.60%	1.60%	7.10 %	7.2 %	207 %	200 %
Mortality	TGH05/TGF05	TGH05/TGF05	SA 85-90 / PA (90)	PA(90)	UP94	UP94
Retirement age	65	65	63	63	63	63

## North America

### a. Defined Benefit Retirement and Post-retirement Plans

Globe Metallurgical Inc. (GMI) sponsors three non-contributory defined benefit pension plans covering certain employees, which were all frozen in 2003. Core Metals sponsors a non-contributory defined benefit pension plan covering certain employees, which was closed to new participants in April 2009.

Quebec Silicon, sponsors a contributory defined benefit pension plan and postretirement benefit plan for certain employees, based on length of service and remuneration. Post-retirement benefits consist of a group insurance plan covering plan members for life insurance, disability, hospital, medical, and dental benefits. The contributory defined benefit pension plan was closed to new participants in December 2013. On December 27, 2013, the Communications, Energy and Paper Workers Union of Canada (“CEP”) ratified a new collective bargaining agreement, which resulted in a curtailment pertaining to the closure of the postretirement benefit plan for union employees retiring after January 31, 2016. The Company funding policy has been to contribute, as necessary, an amount in excess of the minimum requirements in order to achieve the Company’s long-term funding targets.

*Benefit Obligations and Funded Status* – The following provides a reconciliation of the benefit obligations, plan assets and funded status of the North American plans as of December 31, 2017 and 2016:

	2017				2016			
	USA	Canada		Total	USA	Canada		Total
	Pension Plans US\$'000	Pension Plans US\$'000	Post- retirement Plans US\$'000	US\$'000	Pension Plans US\$'000	Pension Plans US\$'000	Post- retirement Plans US\$'000	US\$'000
Benefit obligation	38,195	24,788	8,837	71,820	36,762	21,854	7,382	65,998
Fair value of plan assets	(32,869)	(19,283)	—	(52,152)	(29,711)	(16,859)	—	(46,570)
<b>Provision for pensions</b>	<b>5,326</b>	<b>5,505</b>	<b>8,837</b>	<b>19,668</b>	<b>7,051</b>	<b>4,995</b>	<b>7,382</b>	<b>19,428</b>

All North American pension and postretirement plans are underfunded. At December 31, 2017 and 2016, the accumulated benefit obligation was \$62,983 thousand and \$58,616 thousand for the defined pension plan and \$8,837 thousand and \$7,382 thousand for the postretirement plans, respectively.

The assumptions used to determine benefit obligations at December 31, 2017 and 2016 for the North American plans are as follows:

	North America – 2017			North America – 2016		
	USA	Canada		USA	Canada	
	Pension Plan	Pension Plan	Postretirement Plan	Pension Plan	Pension Plan	Postretirement Plan
Salary increase	N/A	2.75% - 3.00%	N/A	N/A	2.75% - 3.00%	N/A
Discount rate	3.50%	3.60%	3.65%	3.75% - 4.00%	3.95%	4.05%
Expected inflation rate	N/A	N/A	N/A	N/A	N/A	N/A
Mortality	SOA RP-2014 Total Dataset Mortality	CPM2014- Private	CPM2014- Private	SOA RP-2014 Total Dataset Mortality	CPM2014- Private	CPM2014- Private
Retirement age	65	62	62	65	65	55

The discount rate used in calculating the present value of our North American pension plan obligations is developed based on the BPS&M Pension Discount Curve for 2017 and 2016; and the Mercer Proprietary Yield Curve for 2017 and 2016 Quebec Silicon pension and postretirement benefit plans and the expected cash flows of the benefit payments.

The Company expects to make discretionary contributions of approximately \$1,119 thousand to the defined benefit pension and postretirement plans for the year ending December 31, 2018.

The following reflects the gross benefit payments that are expected to be paid for the benefit plans for the year ended December 31, 2017:

	Pension Plans US\$'000	Non-pension Postretirement Plans US\$'000
2018	3,222	230
2019	3,300	233
2020	3,338	232
2021	3,373	240
2022	3,373	240
Years 2023-2027	17,689	1,533

The accumulated non-pension postretirement benefit obligation has been determined by application of the provisions of the Company's health care and life insurance plans including established maximums, relevant actuarial assumptions and health care cost trend rates projected at 5.8% for 2017 and decreasing to an ultimate rate of 4.2% in fiscal 2033. At December, 31 2017 and 2016, the effect of a 1% increase in health care cost trend rate on the non-pension postretirement benefit obligation is \$1,862 thousand and \$1,857 thousand, respectively. At December, 31 2017 and 2016 the effect of a 1% decrease in health care cost trend rate on the non-pension postretirement benefit obligation is (\$1,442) thousand and (\$1,451) thousand, respectively.



The changes of this provision 2017 were as follows:

	2017			
	USA	Canada		
	Pension Plans US\$'000	Pension Plans US\$'000	Post-retirement Plans US\$'000	Total US\$'000
<b>Obligations at the beginning of year</b>	<b>36,762</b>	<b>21,854</b>	<b>7,382</b>	<b>65,998</b>
Service cost	169	136	302	607
Borrowing cost	1,421	873	305	2,599
Actuarial differences	1,782	1,310	463	3,555
Benefits paid	(1,845)	(986)	(163)	(2,994)
Exchange differences	—	1,601	548	2,149
Expenses	(94)	—	—	(94)
Plan amendments	—	—	—	—
<b>Obligations at the end of year</b>	<b>38,195</b>	<b>24,788</b>	<b>8,837</b>	<b>71,820</b>

The plan assets of the defined benefit and retirement and post retirement plans in North America are comprised of assets that have quoted market price in an active market. The breakdown as of as of December 31, 2017 and 2016 of the assets by class are:

	2017	2016
Cash	2 %	2 %
Equity Mutual Funds	45 %	46 %
Fixed Income Securities	51 %	50 %
Real Estate Mutual Funds	2 %	2 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>

For the year ended December 31, 2017, the changes in Plan assets were as follows:

	2017		
	USA	Canada	
	Pension Plans US\$'000	Pension Plans US\$'000	Total US\$'000
<b>Fair value of plan assets at the beginning of the year</b>	<b>29,711</b>	<b>16,859</b>	<b>46,570</b>
Interest income on assets	1,138	686	1,824
Benefits paid	(1,845)	(986)	(2,831)
Actuarial return on plan assets	3,980	785	4,765
Other	(115)	1,939	1,824
<b>Fair value of plan assets at the end of the year</b>	<b>32,869</b>	<b>19,283</b>	<b>52,152</b>

#### ***b. Other Benefit Plans***

The Company administers healthcare benefits for certain retired employees through a separate welfare plan requiring reimbursement from the retirees.

The Company's subsidiary, GMI, provides two defined contribution plans (401(k) plans) that allow for employee contributions on a pretax basis. The Company agrees to match 25% of participants' contributions up to a maximum of 6% of compensation. Additionally, subsequent to the acquisition of Core Metals, the Company began sponsoring the Core Metals defined contribution plan. Under the plan the Company may make discretionary payments to salaried and non-union participants in the form of profit sharing and matching funds.

Other benefit plans offered by the Company include a Section 125 cafeteria plan for the pretax payment of healthcare costs and flexible spending arrangements.

### **Environmental provision**

Environmental provisions relate to current (\$346 thousand) and non-current (\$3,121 thousand) environmental rehabilitation obligations.

### **Provisions for litigation**

The company received in March 2017 a demand for mediation from our North American joint venture partner regarding a dispute in relation to the price of coal charged by our subsidiary, Alden, to our North American joint ventures. The parties are engaged in a non-binding mediation process and the Company has recognized a provision of \$8,900 thousand during the year ended December 31, 2017 as part of the current portion of Provisions for litigation. The associated expense has been recorded to Other operating expense in the Consolidated Income Statement.

Certain employees of FerroPem, S.A.S., then known as Pechiney Electrometallurgie, S.A., may have been exposed to asbestos at its plants in France in the decades prior to FerroAtlántica's purchase of that business in December 2004. The Company has recognized a provision of \$2,339 thousand during the year ended December 31, 2017 as part of the current portion of Provisions for litigation. The associated expense has been recorded to Staff costs in the Consolidated Income Statement. See Note 24 for further information.

The outcome of these disputes, including the amount and timing of any potential settlements, remains uncertain. The provision reflects the Company's best estimate of the expenditure required to settle its present obligations.

### **Provisions for third-party liability**

Provisions for third-party liability relate to current obligations (\$7,639 thousand) relating to health costs for retired employees.

### **Other provisions**

Included in other provisions are current obligations arising from past actions that involve a probable outflow of resources that can be reliably estimated. Other provisions include asset retirement obligations of \$8,679 thousand (non-current: \$3,958 thousand and current: \$4,721 thousand), retained acquisition contingencies of \$4,976 thousand, all of which is non-current, and provisions for liabilities related to the emission of greenhouse gases of \$7,280 thousand, all of which is current.

## 16. Bank borrowings

Bank borrowings comprise the following at December 31:

	2017			Total US\$'000
	Limit US\$'000	Non-Current Amount Drawn Down US\$'000	Current Amount Drawn Down US\$'000	
<b>Borrowings carried at amortised cost:</b>				
Credit facilities	200,000	—	—	—
Other loans		—	1,003	1,003
<b>Total</b>		—	<b>1,003</b>	<b>1,003</b>

	2016			Total US\$'000
	Limit US\$'000	Non-Current Amount Drawn Down US\$'000	Current Amount Drawn Down US\$'000	
<b>Borrowings carried at amortised cost:</b>				
Borrowings to finance investments	76,000	8,198	64,545	72,743
Credit facilities	453,000	171,260	166,950	338,210
Discounted bills and notes	8,000	—	719	719
Other loans	10,000	15	9,604	9,619
<b>Total</b>		<b>179,473</b>	<b>241,818</b>	<b>421,291</b>

On February 15, 2017, the Company issued senior notes with a principal amount of \$350,000 thousand (see Note 18 for further details). The proceeds were used primarily to repay existing indebtedness, including borrowings to finance investments and certain credit facilities and other loans.

### **Amended Revolving Credit Facility**

On February 15, 2017, Ferroglobe PLC and its subsidiary Globe Specialty Metals, Inc. (collectively, together with certain subsidiaries of Ferroglobe party thereto from time to time as co-borrowers, the “Borrowers”), entered into an agreement to amend an existing revolving credit facility held by Globe (the “Amended Revolving Credit Facility”).

The Amended Revolving Credit Facility provides for borrowings up to an aggregate principal amount of \$200,000 thousand to be made available to the Borrowers in US dollars. Multicurrency borrowings under the Amended Revolving Credit Facility are available in Euros, Pound Sterling and such other mutually agreeable currencies to be determined in an aggregate amount not to exceed \$100,000 thousand. The borrowings under the Amended Revolving Credit Facility will mature on August 20, 2018. Subject to certain exceptions, loans under the Amended Revolving Credit Facility may be borrowed, repaid and reborrowed at any time.

At Ferroglobe’s option, loans under the Amended Revolving Credit Facility bear interest based on LIBOR (“LIBOR Rate Loans”) or the administrative agent’s base rate (“Base Rate Loans”) plus 4.00% (in the case of LIBOR Rate Loans) and 3.00% (in the case of Base Rate Loans). Interest on Base Rate Loans is payable quarterly in arrears. Interest on LIBOR Rate Loans is payable at the end of each applicable interest period (one, two, three or six month periods) (or at three month intervals if earlier).

Immediately subsequent to the amendment, on February 15, 2017, borrowings under the Amended Revolving Credit Facility comprised US dollar loans of \$84,766 thousand and Euro loans of €29,540 thousand. These loans were repaid over the course of the year ended December 31, 2017.

Subsequent to December 31, 2017, Ferroglobe entered into a new revolving credit facility (see Note 30 for further details).

### Borrowings to finance investments

Borrowings to finance investments include bank borrowings, secured by guarantee, arranged to finance investments in non-current assets. There were no borrowings to finance investments at December 31, 2017. Borrowings as at December 31, 2016 were as follows:

	Maturity	2016			
		Limit US\$'000	Non-Current US\$'000	Current US\$'000	Total US\$'000
Corporate finance	2021	14,000	—	13,350	13,350
Sundry investments in South Africa	2018	25,000	—	23,840	23,840
Syndicated financing for sundry investments in France	2018	17,000	8,198	8,199	16,397
Investments in MangShi plant	2019	14,000	—	13,176	13,176
Acquisition of SamQuarz (Pty.), Ltd.	2018	6,000	—	5,781	5,781
Others		—	—	199	199
<b>Total</b>		<b>76,000</b>	<b>8,198</b>	<b>64,545</b>	<b>72,743</b>

The agreements for borrowings to finance investments include conditions relating to the achievement of certain financial and equity ratios based on the separate financial statements of the legal entity that is party to the agreement. With the exception of the syndicated credit facilities of FerroPem, S.A.S., Ferroglobe was not in compliance with these covenants and therefore the balances outstanding were presented as current as at December 31, 2016.

### Foreign currency exposure of bank borrowings

The breakdown by currency of bank borrowings at December 31, is as follows:

	2017		
	Non-Current Amount Drawn Down US\$'000	Current Amount Drawn Down US\$'000	Total US\$'000
Borrowings in US Dollars	—	992	992
Borrowings in other currencies	—	11	11
<b>Total</b>	<b>—</b>	<b>1,003</b>	<b>1,003</b>

	2016		
	Non-Current Amount Drawn Down US\$'000	Current Amount Drawn Down US\$'000	Total US\$'000
Borrowings in Euros	54,458	179,900	234,358
Borrowings in US Dollars	125,015	32,283	157,298
Borrowings in other currencies	—	29,635	29,635
<b>Total</b>	<b>179,473</b>	<b>241,818</b>	<b>421,291</b>

### Contractual maturity of non-current bank borrowings

There were no non-current bank borrowings outstanding at December 31, 2017.

The contractual maturity of non-current bank borrowings at December 31, 2016, was as follows:

	2016	
	2018 US\$'000	Total US\$'000
Borrowings to finance investments	8,198	8,198
Credit facilities	171,260	171,260
Other loans	15	15
<b>Total</b>	<b>179,473</b>	<b>179,473</b>

### 17. Leases

#### Obligations under finance leases

Obligations under finance leases comprise the following at December 31:

	2017			2016		
	Non- Current US\$'000	Current US\$'000	Total US\$'000	Non- Current US\$'000	Current US\$'000	Total US\$'000
Hydroelectrical installations (including power lines and concessions)	68,088	12,551	80,639	—	—	—
Other finance leases	1,625	369	1,994	3,385	1,852	5,237
<b>Total</b>	<b>69,713</b>	<b>12,920</b>	<b>82,633</b>	<b>3,385</b>	<b>1,852</b>	<b>5,237</b>

The Company's most significant finance lease relates to its rights to use certain hydroelectrical installations. As of December 31, 2016, the Company has a non-current and current balance of \$70,876 thousand and \$10,507 thousand, respectively, related to its Spanish hydroelectrical installations. The Company signed an agreement for the sale of its Spanish Energy business on December 12, 2016 and as of December 31, 2016, these financial lease obligations were recognized in the account "Liabilities associated with assets held for sale - obligations under financial leases" (see Note 29). Subsequently, the Company did not receive the necessary regulatory approvals for the sale and the financial lease obligations of the Company's Spanish Energy business are recognized in "Obligations under finance leases" as of December 31, 2017.

The detail, by maturity, of the non-current payment obligations under finance leases as of December 31, 2017 is as follows:

	2019 US\$'000	2020 US\$'000	2021 US\$'000	2022 US\$'000	Total US\$'000
Hydroelectrical installations (including power lines and concessions)	13,173	13,824	14,506	26,585	68,088
Other finance leases	467	446	471	241	1,625
<b>Total</b>	<b>13,640</b>	<b>14,270</b>	<b>14,977</b>	<b>26,826</b>	<b>69,713</b>

**Operating leases**

The Company also enters into operating leases, the most significant of which relates to the Company's office leases. Expenses associated with operating leases are recorded in Other Operating Expenses in the consolidated income statement, and the minimum lease payments on operating leases at December 31, are as follows:

	2017 US\$'000	2016 US\$'000
Within one year	2,361	1,788
Between one and five years	6,557	5,555
After five years	3,789	2,315
<b>Total</b>	<b>12,707</b>	<b>9,658</b>

**18. Debt instruments**

Debt instruments comprise the following at December 31:

	2017 US\$'000
<b>Unsecured notes carried at amortised cost</b>	
Principal amount	350,000
Unamortised issuance costs	(10,668)
Accrued coupon interest	10,938
<b>Total</b>	<b>350,270</b>
Amount due for settlement within 12 months	10,938
Amount due for settlement after 12 months	339,332
<b>Total</b>	<b>350,270</b>

On February 15, 2017, Ferroglobe and Globe (together, the "Issuers") issued \$350,000 thousand aggregate principal amount of 9.375% Senior Notes due March 1, 2022 (the "Notes"). Issuance costs of \$12,116 thousand were incurred. The principal amounts of the Notes issued by Ferroglobe and Globe were \$150,000 thousand and \$200,000 thousand, respectively. Interest on the Notes is payable semi-annually on March 1 and September 1 of each year, commencing on September 1, 2017.

At any time prior to March 1, 2019, the Issuers may redeem all or a portion of the Notes at a redemption price based on a "make-whole" premium. At any time on or after March 1, 2019, the Issuers may redeem all or a portion of the Notes at redemption prices varying based on the period during which the redemption occurs. In addition, at any time prior to March 1, 2019, the Issuers may redeem up to 35% of the aggregate principal amount of the Notes with the net proceeds from certain equity offerings at a redemption price of 109.375% of the principal amount of the Notes, plus accrued and unpaid interest.

The Notes are senior unsecured obligations of the Issuers and are guaranteed on a senior basis by certain subsidiaries of Ferroglobe. The Notes are listed on the Irish Stock Exchange. The associated indenture of the notes contains certain negative covenants. Additionally, if the Issuers experience a change of control the indenture requires the Issuers to offer to redeem the Notes at 101% of their principal amount. Grupo Villar Mir S.A.U. owns 53% of the Company's issued and outstanding shares and has pledged them to secure its obligations to certain banks. The Company would experience a change in control and would be required to offer redemption of bonds in accordance with the indenture if Grupo Villar Mir S.A.U. defaults on the underlying loan.

The fair value of the Notes, determined by reference to the closing market price on the last trading day of the year, was \$378,000 thousand as at December, 31 2017.

## 19. Other financial liabilities

Other financial liabilities comprise the following at December 31:

	2017			2016		
	Non-Current US\$'000	Current US\$'000	Total US\$'000	Non-Current US\$'000	Current US\$'000	Total US\$'000
Financial loans from government agencies	10,971	88,420	99,391	85,768	1,592	87,360
Derivative financial instruments	38,040	—	38,040	699	—	699
<b>Total</b>	<b>49,011</b>	<b>88,420</b>	<b>137,431</b>	<b>86,467</b>	<b>1,592</b>	<b>88,059</b>

### Financial loans from government agencies

On September 8, 2016, FerroAtlántica, S.A., as borrower, and the Spanish Ministry of Industry, Tourism and Commerce (the 'Ministry'), as lender, entered into two loan agreements under which the Ministry made available to the borrower loans in aggregate principal amount of €44.9 million and €26.9 million, respectively, in connection with industrial development projects relating to the Company's solar grade silicon project. The loan of €44.9 million is contractually due to be repaid in 7 installments over a 10-year period with the first three years as a grace period. The loan of €26.9 million was repaid in April 2018. Interest on outstanding amounts under each loan accrues at an annual rate of 2.29%. As of December 31, 2017, the amortized cost of these loans was €72,517 thousand (equivalent to \$86,969 thousand).

The agreements governing the loans contain the following limitations on the use of the proceeds of the outstanding loan: (1) the investment of the proceeds must occur between January 1, 2016 and June 23, 2018; (2) the allocation of the proceeds must adhere to certain approved budget categories; (3) if the final investment cost is lower than the budgeted amount, the borrower must reimburse the Ministry proportionally; and (4) the borrower must comply with certain statutory restrictions regarding related party transactions and the procurement of goods and services. The Company is currently seeking an extension from the Ministry in order to be able to use the proceeds subsequent to May 23, 2018. As of December 31, 2017, the balance of these loans have been presented within current liabilities due to non-compliance with the loan conditions.

The remaining non-current and current balances are related to loans granted mainly by French and Spanish government agencies.

### Derivative financial instruments

Derivative financial instruments comprise the following at December 31:

	2017 US\$'000	2016 US\$'000
<b>Derivatives designated as hedging instruments</b>		
Cross currency swap	26,219	—
<b>Derivatives not designated as hedging instruments</b>		
Cross currency swap	7,429	—
Interest rate swaps	4,392	699
	<b>38,040</b>	<b>699</b>

### Cross currency swap

The Company's operations generate cash flows predominantly in Euros and US dollars. The Company is exposed to exchange rate fluctuations between these currencies as it expects to convert Euros into US dollars to settle a proportion of the interest and principal of the Notes (see Note 18). To manage this currency risk, the Parent Company entered a cross-currency swap (the "CCS") on May 12, 2017 where on a semi-annual basis it will receive interest of 9.375% on a notional of \$192,500 thousand and pay interest of 8.062% on a notional of €176,638 thousand and it will exchange these Euro and US dollar notional amounts at maturity of the Notes in 2022. The timing of payments of interest and principal under the CCS coincide exactly with those of the Notes.

The fair value of the CCS at December 31, 2017 was \$33,648 thousand (see Note 28).

The Parent Company, which has a Euro functional currency, has designated \$150,000 thousand of the notional amount of the CCS as a cash flow hedge of the variability of the Euro functional currency equivalents of the future US dollar cash flows of \$150,000 thousand of the principal amount of the Notes. This cash flow hedge was assessed to be highly effective at December 31, 2017. During the year ended December 31, 2017, the change in fair value of the CCS has resulted in a loss of \$24,171 thousand recognized through other comprehensive income in the valuation adjustments reserve. Amounts transferred from the valuation adjustments reserve to the income statement comprise a loss of \$14,791 thousand transferred to exchange differences and a gain of \$1,216 thousand transferred to finance costs. At December 31, 2017, a balance of \$10,596 thousand in respect of the cash flow hedge of the CCS remained in the valuation adjustment reserve and will be reclassified to the income statement as the hedged item affects profit or loss over the period to maturity of the Notes.

The remaining \$42,500 thousand of the notional amount of the CCS is not designated as a cash flow hedge and is accounted for at fair value through profit or loss, resulting in an expense of \$6,850 thousand for the year ended December 31, 2017, which is recorded in financial derivative loss in the consolidated income statement.

### Interest rate swaps

The Company enters into interest rate swaps to manage the risk of changes in interest rates on certain non-current and current obligations. Since June 30, 2015, the interest rate swaps have been considered as ineffective hedges and as a result the changes in fair value of these derivatives are recognized through profit or loss.

The following interest rate swaps were outstanding at December 31:

	2017				
	Nominal	Maturity	Fixed	Reference	Fair
	Amount		Interest	Floating	Value
	US\$'000		Rate	Interest Rate	US\$'000
Lease of hydroelectrical installations	143,916	2022	2.05	6-month Euribor	(4,392)
<b>Total</b>					<b>(4,392)</b>
	2016				
	Nominal	Maturity	Fixed	Reference	Fair
	Amount		Interest	Floating	Value
	US\$'000		Rate	Interest Rate	US\$'000
Lease of hydroelectrical installations	126,492	2022	2.05	6-month Euribor	(5,576)
Borrowings to finance investments in Chinese subsidiaries	26,353	2019	2.81 %	6-month Euribor	(699)
<b>Total</b>					<b>(6,275)</b>
Presented in the statement of financial position as:					
Other financial liabilities					(699)
Liabilities associated with assets classified as held for sale					(5,576)
<b>Total</b>					<b>(6,275)</b>



On February 15, 2017, the interest rate swap related to borrowings to finance investments in Chinese subsidiaries was settled together with the related borrowings.

## 20. Trade and other payables

Trade and other payables compose the following at December 31:

	2017 US\$'000	2016 US\$'000
Payable to suppliers	172,566	153,289
Trade notes and bills payable	20,293	4,417
<b>Total</b>	<b>192,859</b>	<b>157,706</b>

## 21. Other liabilities

Other liabilities comprise the following at December 31:

	2017			2016		
	Non- Current US\$'000	Current US\$'000	Total US\$'000	Non- Current US\$'000	Current US\$'000	Total US\$'000
Payable to non-current asset suppliers	—	5,411	5,411	—	1,105	1,105
Guarantees and deposits	32	2	34	36	—	36
Remuneration payable	—	46,667	46,667	—	34,182	34,182
Tax payables	1,574	17,785	19,359	—	12,403	12,403
Other liabilities	1,930	20,704	22,634	5,701	17,090	22,791
<b>Total</b>	<b>3,536</b>	<b>90,569</b>	<b>94,105</b>	<b>5,737</b>	<b>64,780</b>	<b>70,517</b>

### Tax payables

Tax payables comprise the following at December 31:

	2017			2016		
	Non- Current US\$'000	Current US\$'000	Total US\$'000	Non- Current US\$'000	Current US\$'000	Total US\$'000
VAT	—	1,784	1,784	—	1,853	1,853
Accrued social security taxes payable	—	5,095	5,095	—	3,940	3,940
Personal income tax withholding payable	—	1,049	1,049	—	855	855
Other	1,574	9,857	11,431	—	5,755	5,755
<b>Total</b>	<b>1,574</b>	<b>17,785</b>	<b>19,359</b>	<b>—</b>	<b>12,403</b>	<b>12,403</b>

## Share-based compensation

### a. Stock plan

On May 29, 2016, the board of Ferroglobe PLC adopted the Ferroglobe PLC Equity Incentive Plan (the “Plan”) and on June 29, 2016 the Plan was approved by the shareholders of the Company. The Plan is a discretionary benefit offered by Ferroglobe PLC for the benefit of selected employees of Ferroglobe PLC and members of its group (the “Company”). Its main purpose is to increase the interest of the employees in Ferroglobe PLC’s long term business

goals and performance through share ownership. The Plan is an incentive for the employees' future performance and commitment to the goals of Ferroglobe PLC.

The following share-based payment arrangements were in existence during the current and prior years:

<b>Option Series</b>	<b>Number</b>	<b>Grant Date</b>	<b>Expiration</b>	<b>Exercise Price</b>	<b>Fair Value at Grant Date</b>
Equity Incentive plan	475,090	June 1, 2017	June 1, 2027	nil	\$ 12.39
Equity Incentive plan	17,342	June 20, 2017	June 20, 2027	nil	\$ 11.65
Equity Incentive plan	264,933	November 24, 2016	November 24, 2026	nil	\$ 11.81

Option amounts above are based on the assumption that the Company will achieve 100% of target performance ROIC and NOPAT conditions described below. A participant may receive 0% to 200% of the option amounts listed above, depending on the financial performance of the Company during the performance period. All options vests when a plan participant's right to receive the share-based payment under the terms of the Plan is no more conditional on the satisfaction of any vesting conditions. All options granted under the Plan have a service condition of three years from the grant date. Performance conditions are linked to 737,902 of the total options issued on June 20, 2017, June 01, 2017 and November 24, 2016, that can be summarized as follows:

**Vesting Conditions**

30% total shareholder return ("TSR") relative to a comparator group

30% TSR relative to S&P Global 1200 Metals and Mining Index

20% return on invested capital ("ROIC")

20% net operating profit after tax ("NOPAT")

There were no performance obligations linked to 19,463 of the options issued on June 1, 2017 which were issued as deferred share bonus awards.

**Fair Value**

The weighted average fair value of the share options granted during the year ended December 31, 2017 was \$12.31 (2016: \$11.94). The Company estimates the fair value of the stock options using the Stochastic and Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted for the remaining time from the date of valuation until options are expected to be received, exercise restrictions (including the probability of meeting market conditions attached to the option), and performance considerations. Expected volatility is calculated over the period commensurate with the remainder of the performance period immediately prior to the date of grant. The Company has recently listed; therefore, a proxy volatility figure was used for the purposes of the valuation. The following assumptions were used to estimate the fair value of Ferroglobe stock options:

**Grant Date Fair Value**

<b>Grant date</b>	<b>June 20, 2017</b>	<b>June 01, 2017</b>	<b>November 24, 2016</b>
Grant date share price	\$10.50	\$10.96	\$11.81
Exercise price	Nil	Nil	Nil
Expected volatility	43.15%	43.09	44.83%
Option life	3.00 years	3.00 years	3.00 years
Dividend yield	0%	0%	0%
Risk-free interest rate	1.52%	1.44%	1.39%
Remaining performance period at grant date	2.53	2.58	2.10
Company TSR at grant date	(0.3%)	4.0%	40.0%
Median comparator group TSR at grant date	(7.2%)	(3.7%)	56.4%
Median index TSR at grant date	0.6%	4.8%	45.7%

At the date of grant for these awards, all of the opening averaging period and some of the performance period had elapsed. The Company's TSR relative to the median comparator group TSR and median index TSR at grant date may

impact the grant date fair value; starting from an advantaged position increases the fair value and starting from a disadvantaged position decreases the fair value.

**TSR Performance Conditions**

To model the impact of the TSR performance conditions, we have calculated the volatility of the comparator group using the same method used to calculate the Company’s volatility, using historical data, where available, which matches the length of the remaining performance period grant date.

The Company’s correlation with its comparator group was assessed on the basis of correlations above 20% being considered significant and incorporated into the valuation model (100% represents perfect positive correlation and 0% represents no correlation).

There were 492,432 options that were granted during the year under the plan (2016: 264,933). There were no shares that were exercised during the year (2016: none). For the year ended December 31, 2017, share-based compensation expense related to this stock plan amounted to \$2,405 thousand, which is recorded in Staff costs (2016: \$106 thousand).

Share options outstanding as of December 31, 2017 had a weighted average contractual life 1.96 years (2016: 2.92 years).

**b. Options assumed under business combination**

Prior to the business combination, shares of Globe Specialty Metals common stock were registered pursuant to Section 12(b) of the Exchange Act and listed on NASDAQ. As a result of the business combination (see Note 5), each share of Globe common stock was converted into the right to receive one Ferroglobe ordinary share. The shares of Globe common stock were suspended from trading on NASDAQ effective as of the opening of trading on December 24, 2015. Ferroglobe ordinary shares were approved for listing on The NASDAQ Global Market. At the effective time of the business combination, GSM stock and stock-based awards were replaced with stock and stock-based awards of Ferroglobe in a one to one exchange.

There were no new options granted during the year ended December 31, 2017 or for the year ended December 31, 2016. There were 34,990 options that were exercised and 71,027 share options that expired during the year ended December 31, 2017 (2016: no share options were exercised and 681,288 share options expired).

A summary of options outstanding is as follows:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Outstanding as of December 31, 2015	1,310,666	\$ 16.80		
Expired	(681,288)	18.83		
Outstanding as of December 31, 2016	629,378	\$ 14.59	1.75	\$ 580
Exercised	(34,990)	6.77		
Expired	(71,027)	14.54		
Outstanding as of December 31, 2017	523,361	\$ 15.12	0.89	\$ 1,774
Exercisable as of December 31, 2017	515,028	\$ 15.10	0.87	\$ 1,774

As of December 31, 2017 there are total vested options of 515,028 and 8,333 unvested options outstanding (2016: vested options of 588,545 and 40,833 unvested options).

For the year ended December 31, 2017, share based compensation expense related to stock options under this plan was \$4 thousand (2016: \$69 thousand). The expense is reported within Staff costs in the consolidated income statement.

***c. Executive bonus plan assumed under business combination***

Prior to the business combination, the Company also issued restricted stock units under the Company's Executive Bonus Plan. The fair value of restricted stock units is based on quoted market prices of the Company's stock at the end of each reporting period. These restricted stock units proportionally vest over three years, but are not delivered until the end of the third year. The Company will settle these awards by cash transfer, based on the Company's stock price on the date of transfer. For the years ended December 31, 2017 and 2016, no restricted stock units were granted. For the year ended December 31, 2017, 371,570 restricted options were exercised and for the year ended December 31, 2016, 132,457 restricted options were exercised. As of December 31, 2017, and 2016 year end, restricted stock units of 13,340 and 384,910, respectively, were outstanding.

For the year ended December, 31 2017, share based compensation expense for these restricted stock units was \$343 thousand before tax and \$202 thousand after tax (2016: \$2,930 thousand before tax and \$1,729 thousand after tax). The expense is reported within Staff costs in the consolidated income statement. At the year ended December 31, 2017 and 2016, the liability associated with the restricted stock option is \$626 thousand and \$4,566 thousand, respectively; of which \$626 thousand and \$997 thousand are included in other current liabilities, respectively; and \$0 and \$3,569 thousand included in other non-current liabilities, respectively.

***d. Stock appreciation rights assumed under business combination***

The Company issues cash-settled stock appreciation rights as an additional form of incentivized bonus. Stock appreciation rights vest and become exercisable in one-third increments over three years. The Company settles all awards by cash transfer, based on the difference between the Company's stock price on the date of exercise and the date of grant. The Company estimates the fair value of stock appreciation rights using the Black-Scholes option pricing model. There were no stock appreciation rights granted during the year ended December 31, 2017. There were 209,451 stock appreciation rights cancelled and 168,135 stock appreciation rights exercised during the year ended December 31, 2017 (2016: 16,510 stock appreciation rights granted, 35,725 stock appreciation rights cancelled and no stock appreciation rights exercised). As of December 31, 2017, and 2016, there were 1,182,871 and 1,572,274 stock appreciation rights outstanding, respectively.

For the year ended December, 31 2017 compensation expense for these stock appreciation rights was \$3,429 thousand before tax and \$2,023 thousand after tax) (2016: \$1,673 thousand before tax and \$987 thousand after tax). As of December 31, 2017 and 2016, the liability associated with the stock appreciation rights is \$5,911 thousand and \$2,943 thousand, respectively; of which \$5,800 thousand and \$2,698 thousand are included in other current liabilities, respectively; and \$111 thousand and \$245 thousand are included in other non-current liabilities respectively.

***e. Unearned compensation expense***

As of December 31, 2017, the Company has no unearned pre-tax compensation expense related to non-vested liability classified stock options as all awards are fully vested. Unearned compensation expense represents the minimum expense to be recognized over the grant date vesting terms or earlier as a result of accelerated expense recognition due to remeasurement of compensation cost for liability classified awards. Future expense may exceed the unearned compensation expense in the future due to the remeasurement of liability classified awards. As of December 31, 2017, and 2016, the Company has unearned pre-tax compensation expense of \$1 thousand and \$5 thousand, respectively; related to non-vested equity classified stock options over a weighted average term of 0.01 and 0.04, respectively.

## 22. Tax matters

The components of current and deferred income tax expense (benefit) are as follows:

	2017 US\$'000	2016 US\$'000	2015 US\$'000
<b>Consolidated income statement</b>			
<b>Current income tax</b>			
Current income tax charge/(credit)	30,491	(14,885)	42,544
Adjustments in current income tax in respect of prior years	753	1,220	—
<b>Total</b>	<b>31,244</b>	<b>(13,665)</b>	<b>42,544</b>
<b>Deferred tax</b>			
Origination and reversal of temporary differences	(14,857)	(33,030)	7,398
Impact of tax rate changes	(31,688)	—	—
Adjustments in deferred tax in respect of prior years	480	—	—
	<b>(46,065)</b>	<b>(33,030)</b>	<b>7,398</b>
	<b>(14,821)</b>	<b>(46,695)</b>	<b>49,942</b>

The Company has significant business operations in Spain, France, South Africa and the United States. The following is a reconciliation of a weighted blended statutory income tax rate to our effective tax rate for the years ended December 31, 2017, 2016, and 2015:

	2017 US\$'000	2016 US\$'000	2015 US\$'000
Accounting profit/(loss) before income tax	(20,643)	(405,308)	(8,530)
At weighted effective tax rate of 31% (2016: 31% and 2015: 28%)	(6,399)	(125,645)	(2,388)
	—	—	—
Other non-taxable income/(expenses)	18,374	81,648	19,454
Movements in unprovided deferred tax	7,138	15,326	35,754
US tax rate change	(31,257)	—	—
Differing territorial tax rates	2	(22,949)	4,859
Adjustments in respect of prior periods	1,233	—	—
Other items	(845)	890	—
Permanent differences	(227)	5,196	(4,799)
Incentives and deductions	(3,188)	(1,161)	(2,938)
Total State, Local and Other taxes	348	—	—
<b>Income tax (expense)/benefit</b>	<b>(14,821)</b>	<b>(46,695)</b>	<b>49,942</b>

The Tax Cuts and Jobs Act (“TCJA”) was enacted into law on December 22, 2017. The material impact of the TCJA on the Company's 2017 position was a deferred tax credit of \$31.2 million representing the remeasurement of the Company's U.S. net deferred tax liability as a consequence of the reduction of the U.S. federal corporate statutory tax rate from 35% to 21% with effect from January 1, 2018. In addition, a one off tax charge of \$1.7 million has been included representing the Company's best estimate of its liability for the one-time transition tax imposed by the TCJA on certain of its historic non-U.S. earnings. Further work will be performed during 2018 to refine this estimate, but any change in the amount provided resulting from this work is not expected to be material. While the Company continues to evaluate the effect of the provisions that will impact 2018, noting that further guidance and regulations on the new legislation are expected to be released during the year, no other significant impacts of the change in law have been identified. Therefore in future periods the Company's effective tax rate is expected to decrease as a result of the reduction in the U.S. federal tax rate.

**Deferred taxes**

The changes in deferred tax assets and liabilities in 2017, 2016 and 2015 were as follows:

	Deferred Tax Assets	Deferred Tax Liabilities
	US\$'000	US\$'000
<b>Balance at January 1, 2016</b>	<b>39,070</b>	<b>191,748</b>
Increases	27,920	9,150
Business combination (Note 5)	337	—
Decreases	(21,056)	(62,128)
Exchange differences	(1,321)	765
<b>Balance at December 31, 2016</b>	<b>44,950</b>	<b>139,535</b>
Discontinued operations	1,948	11,667
Increase	10,805	14,643
Decrease	(4,346)	(47,665)
Exchange differences	2,491	(2,463)
<b>Balance at December 31, 2017</b>	<b>55,848</b>	<b>115,717</b>

Significant components of the Company's deferred tax assets and liabilities at December 31, 2017 and 2016 consist of the following:

	2017 US\$'000	2016 US\$'000
<b>Deferred tax assets:</b>		
Non-current assets	465	8,822
Provisions	25,534	15,418
Depreciation and amortization charge	6,598	807
Hedging instruments	1,239	199
Tax losses, incentives, reductions and credits carryforwards	20,723	19,391
Other	1,289	313
<b>Total</b>	<b>55,848</b>	<b>44,950</b>
<b>Deferred tax liabilities:</b>		
Non-current assets	8,428	—
Depreciation and amortization charge	86,356	132,481
Inventories	243	1,441
Other	20,690	5,613
<b>Total</b>	<b>115,717</b>	<b>139,535</b>
<b>Net Total Deferred Tax Asset / (Liability)</b>	<b>(59,869)</b>	<b>(94,585)</b>
<b>Presented in the statement of financial position as follows:</b>		
Deferred tax assets	5,273	44,950
Deferred tax liabilities	65,142	139,535
<b>Net Total Deferred Tax Asset / (Liability)</b>	<b>(59,869)</b>	<b>(94,585)</b>

Management of tax risks

The Company is committed to conducting its tax affairs consistent with the following objectives:

- (i) to comply with relevant laws, rules, regulations, and reporting and disclosure requirements in whichever jurisdiction it operates;

- (ii) to maintain mutual trust, transparency and respect in its dealings with all tax authorities; and
- (iii) to adhere with best practice and comply with the Company's internal corporate governance procedures, including but not limited to its Code of Conduct

In the jurisdictions in which the Company operates, tax returns cannot be deemed final until they have been audited by the tax authorities or until the statute-of-limitations has expired. The number of open tax years subject to examination varies depending on the tax jurisdiction. In general, the Company has the last four years open to review. The criteria that the tax authorities might adopt in relation to the years open for review could give rise to tax liabilities which cannot be quantified.

### 23. Related party transactions and balances

#### Balances with related parties – continued operations

Balances with related parties at December 31 are as follows:

	2017			
	Receivables		Payables	
	Non-Current US\$'000	Current US\$'000	Non-Current US\$'000	Current US\$'000
Inmobiliaria Espacio, S.A.	—	3,033	—	4
Grupo Villar Mir, S.A.U.	—	83	—	—
Enérgya VM Generación, S.L	—	1,420	—	6
Villar Mir Energía, S.L.U.	2,398	35	—	12,065
Espacio Information Technology, S.A.U.	—	—	—	861
Blue Power Corporation, S.L.	—	—	—	29
Other related parties	2	1	—	8
<b>Total</b>	<b>2,400</b>	<b>4,572</b>	<b>—</b>	<b>12,973</b>

	2016			
	Receivables		Payables	
	Non-Current US\$'000	Current US\$'000	Non-Current US\$'000	Current US\$'000
Inmobiliaria Espacio, S.A.	—	2,664	—	1,751
Grupo Villar Mir, S.A.U.	—	6,743	—	—
Marco International Corporation	—	756	—	—
Enérgya VM Generación, S.L	—	—	—	23
Enérgya VM Gestión, S.L	—	1,765	—	—
Villar Mir Energía, S.L.U.	2,108	39	—	5,239
Espacio Information Technology, S.A.U.	—	—	—	130
Alloys International	—	—	—	918
Blue Power Corporation, S.L.	9,845	—	—	—
Key management personnel (Note 26)	—	—	—	22,672
Other related parties	—	4	—	5
<b>Total</b>	<b>11,953</b>	<b>11,971</b>	<b>—</b>	<b>30,738</b>

**Balances with related parties – assets held for sale**

	2016			
	Receivables		Payables	
	Non-Current US\$'000	Current US\$'000	Non-Current US\$'000	Current US\$'000
Enérgya VM Generación, S.L	—	2,792	—	—
Villar Mir Energía, S.L.U.	—	—	—	231
Other related parties	—	—	—	23
	—	<b>2,792</b>	—	<b>254</b>

The short-term loans granted by Grupo Villar Mir, S.A.U. relate mainly to renewable cash loans earning interest at a market rate and maturing at short term.

The loan granted to Inmobiliaria Espacio, S.A. accrues a market interest and has a maturity in the short-term that is renewed tacitly upon maturity, unless the parties agreed it's repaid until maturity, extended it automatically for one year.

A former member of the board of directors until the end of 2016 is affiliated with Marco International Corporation, from which the Company purchases certain raw materials and to whom the Company sells silicon-based alloys.

During 2016 the loan granted to Blue Power Corporation, S.L. relates mainly to the financing of the new Spanish solar project. This loan accrues a market interest and will be repaid on long-term basis. On February 24, 2017, the loan was novated to OpCo as part of a capital injection by Blue Power to OpCo.

The balance with the other related parties arose as a result of the commercial transactions performed with them (see explanation of main transactions below).

**Transactions with related parties and other related parties**

Transactions with related parties in 2017, 2016 and 2015 are as follows:

	2017				
	Sales and Operating Income US\$'000	Cost of Sales US\$'000	Staff costs US\$'000	Other Operating Expenses US\$'000	Finance Income (Note 25.4) US\$'000
Inmobiliaria Espacio, S.A.	—	—	—	2	70
Villar Mir Energía, S.L.U.	—	94,049	—	3,362	—
Espacio Information Technology, S.A.U.	—	—	—	3,807	—
Enérgya VM Generación, S.L	17,222	—	—	226	—
Enérgya VM Gestión, S.L	—	—	—	22	—
Other related parties	—	—	—	1,440	154
<b>Total</b>	<b>17,222</b>	<b>94,049</b>	<b>—</b>	<b>8,859</b>	<b>224</b>



	2016				
	Sales and Operating Income US\$'000	Cost of Sales US\$'000	Staff costs US\$'000	Other Operating Expenses US\$'000	Finance Income (Note 25.4) US\$'000
Inmobiliaria Espacio, S.A.	—	—	—	2	74
Grupo Villar Mir, S.A.U.	403	—	—	—	—
Villar Mir Energía, S.L.U.	45	69,083	—	3,626	—
Espacio Information Technology, S.A.U.	—	—	—	4,049	—
Enérgya VM Generación, S.L	20,553	—	—	503	—
Enérgya VM Gestión, S.L	—	253	—	—	—
Marco International Corporation	765	5,212	—	—	—
Key management personnel (Note 26)	—	—	10,080	—	—
Other related parties	—	—	—	92	—
<b>Total</b>	<b>21,766</b>	<b>74,548</b>	<b>10,080</b>	<b>8,272</b>	<b>74</b>

	2015				
	Sales and Operating Income US\$'000	Cost of Sales US\$'000	Staff costs US\$'000	Other Operating Expenses US\$'000	Finance Income (Note 25.4) US\$'000
Inmobiliaria Espacio, S.A.	—	—	—	3	170
Enérgya VM Generación, S.L	28,881	—	—	306	—
Grupo Villar Mir, S.A.U.	—	—	—	—	255
Torre Espacio Castellana, S.A.U.	—	—	—	1,138	—
Villar Mir Energía, S.L.U.	66	85,511	—	4,850	—
Espacio Information Technology, S.A.U.	—	—	—	2,581	—
Marco International Corporation	—	360	—	—	—
Key management personnel (Note 26)	—	—	3,909	—	—
Other related parties	1	—	—	156	—
<b>Total</b>	<b>28,948</b>	<b>85,871</b>	<b>3,909</b>	<b>9,034</b>	<b>425</b>

“Cost of sales” of the related parties vis-à-vis Villar Mir Energía, S.L.U. relates to the purchase of energy from the latter by the Company’s Electrometallurgy - Europe segment. FerroAtlántica pays VM Energía a service charge in addition to paying for the cost of energy purchase from the market. For the fiscal years ended December 31, 2017, 2016 and 2015, FerroAtlántica’s and Hidro Nitro Española’s obligations to make payments to VM Energía under their respective agreements - for the purchase of energy plus the service charge - amounted to \$94,049 thousand, \$69,083 thousand and \$85,511 thousand, respectively. These contracts are similar to contracts FerroAtlántica signs with other third-party brokers.

“Other operating expenses” relates mainly to service fees paid to Espacio Information Technology, S.A.U. for managing and maintenance services rendered related, basically, to the enterprise resource planning (‘ERP’) that some Company entities use; and, and other IT development projects.

“Sales and operating income” relates mainly to sales from Hidro Nitro Española to Enérgya VM for the sales made by its hydroelectric plant of \$7,419 thousand, \$5,155 thousand and \$6,686 thousand for the fiscal years ended December 31, 2017, 2016 and 2015 and FerroAtlántica sales to Enérgya VM for the sales made by its hydroelectric plant of \$9,803 thousand, \$15,398 thousand and \$22,195 thousand for the fiscal years ended December 31, 2017, 2016 and 2015.

During 2017, under the solar joint venture agreement FerroAtlántica and other subsidiaries have purchased property, plant and equipment of \$3,611 thousand from Aurinka and Blue Power Corporation, S.L.

## **24. Guarantee commitments to third parties and other contingent assets and liabilities**

### **Guarantee commitments to third parties**

As of December 31, 2017 and 2016, the Company has provided bank guarantees commitments to third parties amounting \$18,943 thousand and \$43,944 thousand, respectively. Management believes that any unforeseen liabilities at December 31, 2017 and 2016 that might arise from the guarantees given would not be material.

### **Contingent assets**

In 2015, FerroAtlántica Group filed a claim to recover the initial joint venture contribution of approximately \$22,000 thousand from its counterparty in relation to the Joint Venture Agreement between FerroAtlántica Group and Zeus Mineração Ltda., José Rubens Moretti Junior and Guilherme Moretti. There was an arbitration hearing in April 2015 and, on June 10, 2016, an award of \$22,000 thousand, plus costs, was confirmed in favor of FerroAtlántica. The defendants have since applied to the Brazilian courts to annul the award and the parties are awaiting an order on the request. While the Company intends to continue to pursue recovery, the Company considers recovery against the claim unlikely due to the apparent financial condition of the respondents and has written off the full amount of the claim as of December 31, 2016 and December 31, 2017.

### **Contingent liabilities**

In the ordinary course of its business, Ferroglobe is subject to lawsuits, investigations, claims and proceedings, including, but not limited to, contractual disputes and employment, environmental, health and safety matters. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations, claims and proceedings asserted against it, we do not believe any currently pending legal proceeding to which it is a party will have a material adverse effect on its business, prospects, financial condition, cash flows, results of operations or liquidity.

#### *Asbestos claims*

Certain employees of FerroPem, S.A.S., then known as Pechiney Electrometallurgie, S.A. (“PEM”), may have been exposed to asbestos at its plants in France in the decades prior to FerroAtlántica Group’s purchase of that business in December 2004. During the period in question, PEM was wholly-owned by Pechiney Bâtiments, S.A., which had certain indemnification obligations to our FerroAtlántica Group division pursuant to the 2003 Share Sale and Purchase Agreement under which our FerroAtlántica Group acquired PEM. As of the date of this annual report, approximately 89 such employees have “declared” asbestos-related injury to the French social security agencies, based either on the occurrence of work accidents (“accident du travail”) or on administrative recognition of an occupational disease (“maladie professionnelle”). Of these, 51 cases are closed, approximately 38 are pending before the French social security agencies or courts and, of the latter, 17 include assertions of “inexcusable negligence” (“faute inexcusable”) which, if upheld, may lead to material liability on the part of FerroPem. Other employees may declare further asbestos-related injuries in the future, and may likewise assert inexcusable negligence. In 2016, FerroPem initiated an arbitration process seeking to enforce indemnification provisions in the Share Sale and Purchase Agreement against Río Tinto France as successor to Pechiney Bâtiments with respect to pending asbestos claims. On July 11, 2017, however, the claims in arbitration were denied in their entirety on various grounds, including that the claims were untimely, and Ferropem is without further recourse against Río Tinto. Litigation against, and material liability on the part of, FerroPem will not necessarily arise in each case, and to date a majority of such declared injuries have been minor and have not led to significant liability on Ferropem’s part. Whether material liability will arise is determined case-by-case, often over a period of years, depending on, inter alia, the evolution of the claimant’s asbestos-related condition, the possibility that the claimant was exposed while working for other employers and, where asserted, the claimant’s ability to prove inexcusable negligence on FerroPem’s part. Because of such uncertainties, no reliable estimate can be made at this time of FerroPem’s eventual liability in these matters, with exception of three grave cases that have been litigated through the appeal process and in which claimants’ assertions of inexcusable negligence were upheld. Liabilities in respect to this matter have been recorded at December 31, 2017 at an estimated amount of \$2,339 thousand in Provisions for litigation in progress.

*Environmental matters*

On August 31, 2016, the U.S. Department of Justice (the “DOJ”) requested a meeting with GMI to discuss potential resolution of a July 1, 2015 NOV/FOV that GMI received from the U.S. Environmental Protection Agency (the “EPA”) alleging certain violations of the Prevention of Significant Deterioration (“PSD”) and New Source Performance Standards provisions of the Clean Air Act associated with a 2013 project performed at GMI’s Beverly facility. Specifically, the July 2015 NOV/FOV alleges violations of the facility’s existing operating and construction permits, including allegations related to opacity emissions, sulfur dioxide and particulate matter emissions, and failure to keep necessary records and properly monitor certain equipment. On October 27, 2016, GMI met with the DOJ and the EPA to discuss the alleged violations, GMI’s preliminary assessment of those alleged violations, and its possible defenses to the NOV/FOV. As a result of that meeting, GMI has agreed to the government’s request that GMI prepare an assessment of Best Available Control Technologies (“BACT”) that could be applicable to the facility under the federal PSD program, to conduct a ventilation study to assess emissions at the facility, and to continue discussions with the government regarding an appropriate resolution of the NOV/FOV by consent. In February 2017, the EPA formally issued a request under Section 114 of the Clean Air Act, requiring GMI to conduct the ventilation study that GMI had previously agreed to conduct. On January 4, 2017, GMI received a second NOV/FOV dated December 6, 2016, arising from the same facts as the July 2015 NOV/FOV and subsequent EPA inspections. The second NOV/FOV alleges opacity exceedances at certain units, failure to prevent the release of particulate emissions through the use of furnace hoods at a certain unit, and the failure to install Reasonably Available Control Measures (as defined) at certain emission units at the Beverly facility. As part of the on-going consent process to resolve the NOV/FOVs, the government could demand that GMI install additional pollution control equipment and/or implement other measures to reduce emissions from the facility, as well as pay a civil penalty. GMI’s environmental consultants have completed the ventilation study and a Ventilation Evaluation Report documenting the same, which GMI provided to EPA on October 6, 2017. Since that time, GMI and the government have continued negotiations regarding potential resolution of the NOV/FOVs, which negotiations are ongoing. At this time, however, GMI does not know the extent of potential injunctive relief or the amount of a civil penalty a negotiated resolution of this matter may entail. Should the DOJ and GMI be unable to reach a negotiated resolution of the NOV/FOVs, the government could institute formal legal proceedings for injunctive relief and civil penalties. The statutory maximum penalty is \$93,750 per day per violation, from April 2013 to the present.

**25. Income and expenses****25.1 Sales**

Sales by segment for the years ended December 31 are as follows:

	2017 US\$'000	2016 US\$'000	2015 US\$'000
Electrometallurgy - North America	541,143	521,192	10,062
Electrometallurgy - Europe	1,083,200	949,547	1,174,968
Electrometallurgy - South Africa	122,504	142,160	219,890
Other segments	60,199	90,337	129,123
Eliminations	(65,353)	(127,199)	(217,453)
<b>Total</b>	<b>1,741,693</b>	<b>1,576,037</b>	<b>1,316,590</b>

Sales by geographical area for the years ended December 31 are as follows:

	2017 US\$'000	2016 US\$'000	2015 US\$'000
Spain	253,991	201,403	221,558
Germany	245,152	241,046	230,996
Italy	94,590	90,267	120,016
Other EU Countries	340,877	236,746	314,078
USA	547,309	563,619	208,412
Rest of World	259,774	242,956	221,530
<b>Total</b>	<b>1,741,693</b>	<b>1,576,037</b>	<b>1,316,590</b>

### 25.2 Staff costs

Staff costs are comprised of the following for the years ended December 31:

	2017 US\$'000	2016 US\$'000	2015 US\$'000
Wages, salaries and similar expenses	222,733	212,098	133,868
Pension plan contributions	13,631	10,647	8,986
Employee benefit costs	65,599	73,654	63,015
<b>Total</b>	<b>301,963</b>	<b>296,399</b>	<b>205,869</b>

### 25.3 Depreciation and amortization charges, operating allowances and write-downs

Depreciation and amortization charges, operating allowances and write-downs are comprised of the following for the years ended December 31:

	2017 US\$'000	2016 US\$'000	2015 US\$'000
Amortization of intangible assets (Note 8)	8,440	12,649	4,547
Depreciation of property, plant and equipment (Note 9)	94,051	105,695	55,668
Change in impairment losses on uncollectible trade receivables (Note 10)	1,784	7,578	5,305
Change in inventory write-downs (Note 11)	405	—	917
Other	(151)	(245)	613
<b>Total</b>	<b>104,529</b>	<b>125,677</b>	<b>67,050</b>

### 25.4 Finance income and finance cost

Finance income is comprised of the following for the year ended December 31:

	2017 US\$'000	2016 US\$'000	2015 US\$'000
Finance income of related parties (Note 23)	224	74	425
Other finance income	3,484	1,462	671
<b>Total</b>	<b>3,708</b>	<b>1,536</b>	<b>1,096</b>

Finance costs are comprised of the following for the year ended December 31:

	2017 US\$'000	2016 US\$'000	2015 US\$'000
Interest on debt instruments	28,961	—	—
Interest on loans and credit facilities	15,834	18,630	15,318
Interest on note and bill discounting	7,403	1,503	1,697
Interest on interest rate swaps	2,689	2,525	2,618
Interest on finance leases	2,917	3,186	3,656
Trade receivables securitization expense (Note 10)	7,256	—	—
Other finance costs	352	4,407	7,116
<b>Total</b>	<b>65,412</b>	<b>30,251</b>	<b>30,405</b>

**25.5 Impairment losses and net loss (gain) due to changes in the value of assets**

Impairment losses and net loss (gain) due to changes in the value of assets are comprised of the following for the years ended December 31:

	2017 US\$'000	2016 US\$'000	2015 US\$'000
Impairment of goodwill (Note 7)	30,618	194,612	—
Impairment of intangible assets (Note 8)	443	230	6,442
Impairment of property, plant and equipment (Note 9)	(104)	67,624	45,600
Impairment of non-current financial assets (Note 10)	—	5,623	—
<b>Impairment losses</b>	<b>30,957</b>	<b>268,089</b>	<b>52,042</b>
(Increase) decrease in fair value of biological assets (Note 28)	(7,504)	(1,891)	(1,336)
(Gain) loss on financial investments	—	—	2,248
<b>Net (gain) loss due to changes in the value of assets</b>	<b>(7,504)</b>	<b>(1,891)</b>	<b>912</b>

**25.6 Loss (gain) on disposal of non-current assets**

Loss (gain) on disposal of non-current assets is comprised of the following for the years ended December 31:

	2017 US\$'000	2016 US\$'000	2015 US\$'000
Loss on disposal of intangible assets	503	—	3,350
Gain on disposal of property, plant and equipment	(1,779)	(468)	(1,767)
Loss on disposal of property, plant and equipment	3,733	—	631
Loss on disposal of other non-current assets	1,859	128	—
<b>Total</b>	<b>4,316</b>	<b>(340)</b>	<b>2,214</b>

**26. Remuneration and other benefits paid to key management personnel**

Remuneration and other benefits paid to key management personnel during the years ended December 31 is as follows:

	2017 US\$'000	2016 US\$'000	2015 US\$'000
Fixed remuneration	5,625	4,494	2,054
Variable remuneration	3,710	3,258	1,658
Contributions to pension plans and insurance policies	215	281	152
Share-based payments	1,738	-	-
Other remuneration	17	177	45
<b>Total</b>	<b>11,305</b>	<b>8,210</b>	<b>3,909</b>

In addition to the compensation information above, during 2016, fixed remuneration, variable remuneration, contributions to pension plans and insurances policies corresponding to the Company's former Executive Chairman amounted to \$1,117 thousand, \$749 thousand, and \$4 thousand, respectively. In addition, as of December 31, 2016, severance benefits were accrued in the amount of \$22,672 thousand, related to the resignation of the former Company's Executive Chairman.

During 2017, 2016 and 2015, no loans and advances have been granted to key management personnel.

## 27. **Financial risk management**

Ferroglobe operates in an international and cyclical industry which exposes it to a variety of financial risks such as currency risk, liquidity risk, interest rate risk, credit risk and risks relating to the price of finished goods, raw materials and power.

The Company's management model aims to minimize the potential adverse impact of such risks upon the Company's financial performance. Risk is managed by the Company's executive management, supported by the Risk Management, Treasury and Finance functions. The risk management process includes identifying and evaluating financial risks in conjunction with the Company's operations and quantifying them by project, region and subsidiary. Management provides written policies for global risk management, as well as for specific areas such as foreign currency risk, credit risk, interest rate risk, liquidity risk, the use of hedging instruments and derivatives, and investment of surplus liquidity.

The financial risks to which the Company is exposed in carrying out its business activities are as follows:

### **a) Market risk**

Market risk is the risk that the Company's future cash flows or the fair value of its financial instruments will fluctuate because of changes in market prices. The primary market risks to which the Company is exposed comprise foreign currency risk, interest rate risk and risks related to prices of finished goods, raw materials and power.

#### *Foreign currency risk*

Ferroglobe generates sales revenue and incurs operating costs in various currencies. The prices of finished goods are to a large extent determined in international markets, primarily in US dollars and Euros. Foreign currency risk is partly mitigated by the generation of sales revenue, the purchase of raw materials and other operating costs being denominated in the same currencies. Although it has done so on occasions in the past, and may decide to do so in the future, the Company does not generally enter into foreign currency derivatives in relation to its operating cash flows. At December 31, 2017, the Company was not party to any foreign currency forward contracts.

In February 2017, the Company completed a restructuring of its finances which included the issue of \$350,000 thousand of senior notes due 2022 (see Note 18) and the repayment of certain existing indebtedness denominated in a number of currencies across its subsidiaries. The Company is exposed to foreign exchange risk as the interest

and principal of the Notes is payable in US dollars, whereas its operations principally generate a combination of US dollar and Euro cash flows. Following approval by the Board, the Company entered into a cross currency interest rate swap to exchange 55% of the principal and interest payments in US dollars for principal and interest payments in Euros (see Note 19). The Company has designated a proportion of the cross currency swap as a cash flow hedge (see Note 19), with the remainder accounted for at fair value through profit or loss.

#### *Interest rate risk*

Ferroglobe is exposed to interest rate risk in respect of its financial liabilities that bear interest at floating rates. These primarily comprise credit facilities (see Note 16) and obligations under finance leases related to hydroelectrical installations (see Note 17).

During the year ended December 31, 2017, the Company did not enter into any interest rate derivatives in relation to its interest bearing credit facilities. At 31 December, 2017, there was no balance outstanding under its credit facilities.

Prior to the Business Combination, the Company entered into interest rate swaps to fix the interest payable in respect of its obligations under finance leases until 2022. Details of the interest rate derivative financial instruments at December 31, 2017 and 2016 are included in Note 19 to these consolidated financial statements.

#### **b) Credit risk**

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss. The Company's main credit risk exposure relates to the following financial assets:

- trade and other receivables; and
- loans and receivables (other financial assets) arising from the Company's accounts receivable securitization program (see Note 10).

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The Company has established policies, procedures and controls relating to customer credit risk management. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, the Company insures its trade receivables with reputable credit insurance companies.

Since August 2017, the Company has sold substantially all of the trade receivables generated by its subsidiaries in the US, Canada, Spain and France to an accounts receivable securitization programme (see Note 10). This has enabled it to monetize these assets earlier than it did previously and significantly reduce working capital.

#### **c) Liquidity risk**

The purpose of the Company's liquidity and financing policy is to ensure that the Company keeps sufficient funds available to meet its financial obligations as they fall due. The Company's main sources of financing are as follows:

- \$350,000 thousand 9.375% senior notes due 2022. The proceeds from the Notes, issued by Ferroglobe and Globe in February 2017, were primarily used to repay certain existing indebtedness of the Parent Company and its subsidiaries. Interest is payable semi-annually on March 1 and September 1 of each year. If Ferroglobe experiences a change of control, the Company is required to offer to redeem the Notes at 101% of their principal amount (see Note 18).
- \$200,000 thousand Amended Revolving Credit Facility. Loans under the Amended Revolving Credit Facility may be borrowed, repaid and reborrowed until the maturity of the facility in August 2018. Borrowings are available to be used to provide for the working capital and general corporate requirements of the Parent Company and its subsidiaries (including permitted acquisitions and permitted capital expenditures). At

December 31, 2017 the full amount of the facility was available for drawdown. Subsequent to year-end, the facility was replaced by a new \$250,000 thousand revolving credit facility maturing in February 2021(see Note 30).

- Hydroelectric finance lease. In May 2012, the Company entered into a sale and leaseback agreement with respect to certain hydroelectric assets in Spain. The lease payments are due in 120 installments from May 2012 to maturity in May 2022 (see note 17).

To ensure that there are sufficient funds available for the Company to repay its financial obligations as they fall due, each year the Company's Financial Planning and Analysis department prepares a financial budget that is approved by the Board of Directors and details all financing needs and how such financing will be provided. The budget projects the funds necessary for the most significant cash requirements, such as prepayments for capital expenditures, debt repayments and, where applicable, working capital requirements.

### **Quantitative information**

- i. Interest rate risk:

At December 31, the Company's interest-bearing financial liabilities were as follows:

	2017		
	Fixed rate	Floating rate	Total
	US\$'000	US\$'000	US\$'000
Bank borrowings	—	1,003	1,003
Obligations under finance leases	—	82,633	82,633
Debt instruments	350,270	—	350,270
Other financial liabilities (*)	86,238	13,153	99,391
	<b>436,508</b>	<b>96,789</b>	<b>533,297</b>

(\*) Other financial liabilities comprise loans from government agencies and exclude derivative financial instruments (see Note 19).



	2016		
	Fixed rate	Floating rate	Total
	US\$'000	US\$'000	US\$'000
Bank borrowings	—	421,291	421,291
Obligations under finance leases	—	5,237	5,237
Debt instruments	—	—	—
Other financial liabilities (*)	75,797	11,563	87,360
	<b>75,797</b>	<b>438,091</b>	<b>513,888</b>

(\*) Other financial liabilities comprise loans from government agencies and exclude derivative financial instruments (see Note 19).

In respect of the above financial liabilities, at December 31, 2017, the Company had floating to fixed interest rate swaps in place covering 83% of its exposure to floating interest rates (2016: 3%). The increase in the proportion of floating rate financial liabilities covered by interest rate swaps reflects that in February 2017 the Company completed a comprehensive refinancing, replacing floating rate debt with fixed rate debt, and that at December 31, 2016, the Company's obligations under finance leases related to the Spanish energy business and related interest rate swaps were separately classified on the balance sheet as part of a disposal group held for sale (see Note 29).

*Analysis of sensitivity to interest rates*

At December 31, 2017, given that the majority of the Company's interest-bearing financial liabilities are at fixed interest rates and that the Company has interest rate swaps in place in respect of substantially all of its obligations under finance leases, management do not consider that there are reasonably possible changes in interest rates that would have a material impact on the Company's profitability.

At December 31, 2016, the Company performed a sensitivity analysis for floating rate financial liabilities that, taking into consideration the February 2017 refinancing discussed in Notes 16 and 18, indicated that an increase of 1% in interest rates would have given rise to additional borrowing costs of \$1.8 million in 2017.

ii. Foreign currency risk:

*Notes and cross currency swap*

The Parent Company is exposed to exchange rate fluctuations as it has a Euro functional currency and future commitments to pay interest and principal in US dollars in respect of its outstanding debt instruments of \$150,000 thousand (see Note 18). To manage this foreign currency risk, the Parent Company has entered into a cross currency swap and designated a portion of this as an effective cash flow hedge of the future interest and principal amounts due on its debt instruments. As discussed in Note 19, the notional amount of the cross currency swap exceeds the principal amount of the Parent Company's debt instruments by \$42,500 thousand and therefore a portion of the cross currency swap is not designated as a hedge and is accounted for at fair value through profit or loss. The Company has performed a sensitivity analysis that indicates that if the Euro was to strengthen (weaken) against the US Dollar by 10% it would record a loss (gain) of \$5,831 thousand in respect of the portion of the cross currency swap accounted for at fair value through profit or loss.

*Foreign currency swaps in relation to trade receivables and trade payables*

The proportion of foreign currency accounts receivable and accounts payable for which foreign currency swaps had been arranged were as follows at December 31:

	2017	2016
Percentage of accounts receivable in foreign currencies for which currency swaps have been arranged	— %	13.7 %
Percentage of accounts payable in foreign currencies for which currency swaps have been arranged	— %	2.5 %

At December 31, 2017, the Company has no foreign currency swaps in place in respect of foreign currency accounts receivable and accounts payable. The fair value of outstanding foreign currency swaps at December 31, 2016, was € (0.8) million.

The sensitivity of the Company's profit or loss to the impact of changes in the foreign exchange rates on its foreign currency swaps is as follows:

Sensitivity to the EUR/USD exchange rate	2017	2016
+10% (appreciation of the Euro)	—	2.5
-10% (depreciation of the Euro)	—	(2.5)

Foreign currency derivatives mainly cover monetary items in the statement of financial position and, therefore, exchange differences on these items would be partly offset by the above changes in fair value of its derivatives.

iii. Liquidity risk:

The table below summarises the maturity profile of the Company's financial liabilities at December 31, 2017, based on contractual undiscounted payments. The table includes both interest and principal cash flows. The cash flows for debt instruments assume that principal of the Notes is repaid at maturity in March 2022 (see Note 18).

	2017				Total
	Less than 1 year	Between 1-2 years	Between 2-5 years	After 5 years	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Bank borrowings	1,003	—	—	—	1,003
Finance leases	15,379	15,504	58,225	—	89,108
Debt instruments	32,813	32,813	432,031	—	497,656
Financial loans from government agencies	88,127	2,362	2,349	1,056	93,894
Derivative financial instruments	595	203	18,108	—	18,906
Payables to related parties	12,973	—	—	—	12,973
Trade and other payables	192,859	—	—	—	192,859
	<b>343,749</b>	<b>50,882</b>	<b>510,713</b>	<b>1,056</b>	<b>906,399</b>

The amounts disclosed in the table above for derivative financial instruments are the net undiscounted cash flows. The following table shows the gross inflows and outflows and the corresponding reconciliation of those amounts to the net carrying value of the derivatives.

	2017				
	Less than 1 year US\$'000	Between 1-2 years US\$'000	Between 2-5 years US\$'000	After 5 years US\$'000	Total US\$'000
Inflows	18,198	17,996	237,526	—	273,720
Outflows	(18,793)	(18,199)	(255,634)	—	(292,626)
Net cash flow	(595)	(203)	(18,108)	—	(18,906)
Discounted at the applicable interbank rates	(995)	(985)	(36,060)	—	(38,040)

#### Changes in liabilities arising from financing activities

The changes in liabilities arising from financing activities during the year ended December 31, 2017, were as follows:

	January 1, 2017 US\$'000	Reclassification of business held for sale (*) US\$'000	Changes from financing cash flows US\$'000	Effect of changes in foreign exchange rates US\$'000	Changes in fair values US\$'000	Other changes US\$'000	December 31, 2017 US\$'000
Bank borrowings	421,291	—	(426,641)	1,916	—	4,437	1,003
Obligations under finance leases	5,237	81,383	(14,610)	10,623	—	—	82,633
Debt instruments	—	—	337,383	—	—	12,887	350,270
Financial loans from government agencies (Note 19)	87,360	—	—	12,031	—	—	99,391
Derivative financial instruments (Note 19)	699	5,576	—	1,971	31,614	(1,820)	38,040
<b>Total liabilities from financing activities</b>	<b>514,587</b>	<b>86,959</b>	<b>(103,868)</b>	<b>26,541</b>	<b>31,614</b>	<b>15,504</b>	<b>571,337</b>
Proceeds from stock option exercises			180				
Other amounts paid due to financing activities			(9,709)				
<b>Net cash (used) by financing activities</b>			<b>(113,397)</b>				

- (1) (\*) Liabilities associated with the Spanish energy business were separately presented in the consolidated statement of financial position at December 31, 2016, as part of a disposal group held for sale. The business ceased to be classified as held for sale during the year ended December 31, 2017 (see Note 29).

## 28. Fair value measurement

### Fair value of assets and liabilities that are measured at fair value on a recurring basis

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities that are carried at fair value in the statement of financial position:

	December 31, 2017			
	Total US\$'000	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000
<b>Other non-current assets (Note 12):</b>				
Biological assets	27,279	—	—	27,279
<b>Other non-current financial liabilities (Note 19):</b>				
Derivative financial instruments - cross currency swap	(33,648)	—	(33,648)	—
Derivative financial instruments - interest rate swaps	(4,392)	—	(4,392)	—
	December 31, 2016			
	Total US\$'000	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000
<b>Other non-current assets (Note 12):</b>				
Biological assets	17,365	—	—	17,365
<b>Other non-current financial liabilities (Note 19):</b>				
Derivative financial instruments - interest rate swaps	(699)	—	(699)	—
<b>Liabilities associated with assets held for sale (Note 29):</b>				
Derivative financial instruments - interest rate swaps	(6,630)	—	(6,630)	—

#### Cross currency swap

The cross currency swap is valued using a discounted cash flow technique. The valuation model incorporates foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and forward interest rates. The valuation also incorporates a credit risk adjustment, calculated based on credit spreads derived from current credit default swap prices (see Note 19).

#### Interest rate swaps

Interest rate swaps are valued using a discounted cash flow technique. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

#### Biological assets

Biological assets comprise timber farms in South Africa, which are a source of raw materials used for the production of silicon metal. The timber farms plantations are measured at fair value less the incremental costs to be incurred until the related products are at the point of sale. The main assumptions used include the number of hectares planted and the age and average annual growth of the plantations. The changes in the fair value of this asset are recognized in the income statement in the line "net gain (loss) due to changes in the value of assets" (see Note 25.5).

The methodology for determining the fair value has been applied on a consistent basis in the current and prior year and the key assumptions are as follows:

- the arm's length price (market price) used by the market for wood of varying ages;
- the wood pulp industry Mean Annual Increment (MAI) index of 15 for gum and 10.5 for pine is used to determine the annual growth rate of the plantations; and
- the density index used to convert cubic meters of wood to metric tons is 0.94 for pine and 1 for wood pulp.

The changes fair value of biological assets classified at level 3 in the hierarchy were as follows:

	Level 3 US\$'000
<b>January 1, 2016</b>	<b>13,767</b>
Gain recognised in profit or loss (Note 25.5)	1,891
Translation differences	1,707
<b>December 31, 2016</b>	<b>17,365</b>
Gain recognised in profit or loss (Note 25.5)	7,504
Translation differences	2,410
<b>December 31, 2017</b>	<b>27,279</b>

## 29. Non-current assets held for sale

### **Plan to dispose of Spanish energy business**

On December 12, 2016, the Company entered into a sale agreement to dispose of its Spanish energy business. The assets and associated liabilities of this business were classified as held for sale in the balance sheet at December 31, 2016. Subsequently, in July 2017, the Company announced that it did not receive the required regulatory approvals to divest of its Spanish energy business and although it will continue to explore all options to capture the full value of these assets, completion of the previously announced sale is no longer considered to be highly probable. Accordingly, the Company in the second quarter of 2017 ceased to classify the assets and liabilities of the business as held for sale.

In accordance with IFRS 5, the Company ceased to recognize depreciation expense in relation to its Spanish energy business while it was classified as held for sale. When the business ceased to be classified as held for sale, the Company recorded an adjustment of \$2,608 thousand to the carrying amount of its assets, equivalent to the depreciation that would have been charged if the business had not been classified as held for sale. This loss is charged in the income statement within the line item "other loss".

As at December 31, 2016, the assets of the Spanish energy business classified as held for sale and associated liabilities were as follows:

	2016 US\$'000
<b>ASSETS</b>	
<b>Non-current assets</b>	
Property, plant and equipment	83,935
Deferred tax assets	1,948
Other non-current assets	582
<b>Total non-current assets</b>	<b>86,465</b>
<b>Current assets</b>	
Inventories	32
Trade and other receivables	3,596
Current receivables from related parties	2,792
Other current assets	1
Cash and cash equivalents	51
<b>Total current assets</b>	<b>6,472</b>
<b>Assets and disposal groups classified as held for sale</b>	<b>92,937</b>
<b>LIABILITIES</b>	
<b>Non-current liabilities</b>	
Provisions	89
Obligations under finance leases	70,876
Other financial liabilities	5,576
Deferred tax liabilities	11,667
<b>Total non-current liabilities</b>	<b>88,208</b>
<b>Current liabilities</b>	
Provisions	1,265
Obligations under finance leases	10,507
Payables to related parties	254
Trade and other payables	3,651
Other current liabilities	3,797
<b>Total current liabilities</b>	<b>19,474</b>
<b>Liabilities associated with assets held for sale</b>	<b>107,682</b>

The assets held for sale and associated liabilities shown in the table above are presented after the elimination of intercompany balances with other subsidiaries of Ferroglobe.

#### *Other financial liabilities*

Other financial liabilities comprise the fair value of interest rate swaps, which were taken out to hedge the risk of changes in interest rates of finance leases for hydroelectrical installations. As detailed in Note 19, since June 30, 2015, these interest rate swaps have been considered ineffective for the purposes of hedge accounting and as a result the changes in their fair value have been recognized in the income statement.

#### *Obligations under financial leases*

Obligations under financial leases comprise a finance lease that relates to the Company's rights to use certain hydroelectrical installations. This lease expires in 2022, ten years from the date on which it was entered into and bears interest at a variable market rate.

The minimum lease payments on hydroelectrical installation finance leases at December 31, 2016 are as follows:

	2016 US\$'000
Within one year	10,507
Between one and five years	47,510
After five years	23,366
<b>Total</b>	<b>81,383</b>

### 30. Events after the reporting period

#### **Biological Assets in South Africa**

In January 2018, the Board of Directors of the Company authorized the potential divestiture or alternative strategic transaction of biological assets in South Africa. The Company considers these assets non-core. Any potential transaction regarding these assets may require certain regulatory approvals, which, along with other factors, may not result in successful completion.

#### **Acquisition of Glencore's European manganese plants in France and Norway**

On February 1, 2018, Ferroglobe completed the acquisition from a wholly-owned subsidiary of Glencore International AG ("Glencore") of a 100% interest in Glencore's manganese alloys plants in Mo i Rana (Norway) and Dunkirk (France), after receiving the necessary regulatory approvals in France, Germany and Poland. The new subsidiaries will be renamed as Ferroglobe Mangan Norge and Ferroglobe Manganèse France. Ferroglobe has completed the acquisition through its wholly-owned subsidiary Grupo FerroAtlántica.

The acquisition of the Glencore plants in France and Norway represents a unique opportunity for Ferroglobe to increase its size in the manganese alloys industry, becoming one of the world's largest producers with over half a million tons of sales of ferromanganese and silicomanganese. In 2016, the combined sales of these plants were approximately 160,000 tons of ferromanganese and 110,000 of silicomanganese. During the same year, Ferroglobe sold approximately 135,000 tons of ferromanganese and 132,000 tons of silicomanganese.

The integration of the acquired assets will allow Ferroglobe to consolidate a network of manganese alloy plants in Europe, to diversify its manganese alloy production base and to capture cost improvements through the sharing of best practices and the optimization of logistics flows. It will also provide significant advantages to our customers as Ferroglobe will be better positioned to serve multiple locations in a more agile and responsive manner.

Simultaneously with the acquisition, Glencore and Ferroglobe have entered into exclusive agency arrangements for the marketing of Ferroglobe's manganese alloys worldwide and the procurement of manganese ores to supply Ferroglobe's plants, in both cases for a period of ten years.

The acquisition price for the two facilities included an up-front payment satisfied on closing plus an earn-out payment, payable over eight and a half years, based on the annual performance of each of the acquired plants.

The initial accounting for the acquisition is incomplete as at the date these financial statements are authorized for issue. The acquisition-date fair value of the consideration transferred, the fair value of the assets acquired and liabilities assumed and the amount of goodwill arising on the acquisition will be disclosed in forthcoming periods.

**New revolving credit facility**

On February 27, 2018, Ferroglobe repaid \$88,316 thousand of outstanding borrowings under the Amended Revolving Credit Facility and entered into a new revolving facility that provides for borrowings up to an aggregate principal amount of \$250,000 thousand (the “New Revolving Credit Facility”). In addition to loans in US dollars, multicurrency borrowings under the New Revolving Credit Facility are available in Euros, Pound Sterling and any other currency approved by the administrative agent and lenders. Subject to certain exceptions, loans under the New Revolving Credit Facility may be borrowed, repaid and reborrowed at any time until the facility’s expiration date in February 27, 2021.

Ferroglobe’s obligations under the New Revolving Credit Facility are guaranteed by certain subsidiaries and borrowings are secured by certain assets of Ferroglobe and its subsidiaries.

In addition to certain affirmative and negative covenants, the New Revolving Credit Facility contains certain maintenance financial covenants, including a maximum net total leverage ratio and a minimum interest coverage ratio.



Company no: 09425113



**ARTICLES OF ASSOCIATION**

**of**

**FERROGLOBE PLC**

**“the Company”**

**(adopted by a special resolution passed on 26 October 2017)**

---

**ARTICLES OF ASSOCIATION**

---

---

## CONTENTS

<b>Clause</b>		<b>Page</b>
1.	MODEL ARTICLES NOT TO APPLY	1
2.	INTERPRETATION	1
3.	LIABILITY OF MEMBERS	5
4.	SHARES AND SHARE CAPITAL	5
5.	AUTHORITY TO ALLOT SHARES AND DISAPPLICATION OF PRE-EMPTION RIGHTS	8
6.	VARIATION OF RIGHTS	9
7.	SHARE CERTIFICATES	9
8.	LIEN	10
9.	CALLS ON SHARES	10
10.	FORFEITURE AND SURRENDER	11
11.	TRANSFER OF SHARES	12
12.	TRANSMISSION OF SHARES	13
13.	SHARE WARRANTS	14
14.	UNTRACED MEMBERS	14
15.	ALTERATION OF CAPITAL	15
16.	GENERAL MEETINGS	16
17.	NOTICE OF GENERAL MEETINGS	16
18.	LIST OF MEMBERS FOR VOTING AT GENERAL MEETINGS	17
19.	PROCEEDINGS AT GENERAL MEETINGS	17
20.	AMENDMENTS TO RESOLUTIONS	21
21.	PROPOSED MEMBER RESOLUTIONS	21
22.	VOTES OF MEMBERS	23
23.	PROXIES AND CORPORATE REPRESENTATIVES	26
24.	NUMBER OF DIRECTORS, CHIEF EXECUTIVE OFFICER	29
25.	APPOINTMENT OF DIRECTORS	29
26.	NOMINATIONS COMMITTEE	30
27.	DIRECTORS' FEES AND EXPENSES	30
28.	DIRECTORS' GRATUITIES AND BENEFITS	31
29.	ALTERNATE DIRECTORS	31
30.	POWERS OF THE BOARD	32
31.	DELEGATION OF DIRECTORS' POWERS	32
32.	DISQUALIFICATION AND REMOVAL OF DIRECTORS	33
33.	EXECUTIVE DIRECTORS	34
34.	DIRECTORS' INTERESTS	35

---

35.	PROCEEDINGS OF DIRECTORS	39
36.	MINUTES	40
37.	SECRETARY	41
38.	THE SEAL	41
39.	REGISTERS	41
40.	DIVIDENDS	42
41.	SCRIP DIVIDENDS	44
42.	CAPITALISATION OF PROFITS	46
43.	RETURN OF CAPITAL	47
44.	CHANGE OF THE COMPANY'S NAME	48
45.	RECORD DATES	48
46.	ACCOUNTS	48
47.	NOTICES AND OTHER COMMUNICATIONS	49
48.	DESTRUCTION OF DOCUMENTS	52
49.	WINDING UP	53
50.	INDEMNITY AND INSURANCE	53
51.	DISPUTE RESOLUTION	54

---

**1. MODEL ARTICLES NOT TO APPLY**

The regulations in the relevant model articles shall not apply to the Company.

**2. INTERPRETATION**

2.1 In these Articles (if not inconsistent with the subject or context) the following words shall bear the following meanings:

“**Affiliate**” means, with respect to any specified Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by or is under common Control with such specified Person. Notwithstanding the foregoing, (i) neither the Company nor any Person Controlled by the Company shall be deemed to be an “Affiliate” of Grupo VM or of any Affiliate of Grupo VM and (ii) neither Grupo VM nor any Affiliate thereof shall be deemed to be an “Affiliate” of any other member or any Affiliate thereof by virtue of its Ordinary Shares;

“**Articles**” means the articles of association for the time being of the Company;

“**Board**” means the board of Directors of the Company from time to time;

“**certificated share**” means share in the capital of the Company which is held in physical certificated form and references in these Articles to a share being held in certificated form shall be construed accordingly;

“**Change of Control**” occurs where a Person who Controls any body corporate ceases to do so or if another Person acquires Control of such body corporate;

“**clear days**” means, in relation to the period of a notice, that period excluding the day on which a notice is given or deemed to be given and the day for which it is given or which it is to take effect;

“**Companies Act**” means the Companies Act 2006 including any modifications or re-enactment of it for the time being in force;

“**Connected Person**” means, in relation to any company or other entity, a director, officer or controlling shareholder of, or partner in, that company or other entity or any member of their immediate family;

“**Contract**” means, as to any Person, any contract, lease, easement, license, instrument or understanding to which the applicable Person is a party;

“**Control**” means, as to any Person, the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of shares or other equity securities or as trustee or executor, by Contract or otherwise; the terms “Controlled” and “Controlling” shall have a correlative meaning;

“**Depository**” means any depository, custodian or nominee approved by the Board that holds legal title to shares in the capital of the Company for the purposes of facilitating beneficial ownership of such shares by another individual;

“**Director**” means a director of the Company from time to time;

“**dividend**” means dividend or bonus;

“**electronic address**” means any number or address used for the purposes of sending or receiving notices, documents or information by electronic means;

“**Exchange**” means the stock exchange on which the Company maintains its primary listing, and in all events will be the Nasdaq so long as listed thereon;

“**Exchange Act**” means the United States Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations promulgated thereunder;

“**Exchange Rules**” means the rules of the Exchange applicable to the Company, as amended and supplemented from time to time;

“**executed**” means any mode of execution;

“**Executive Chairman**” has the meaning given in Article 16.4;

“**Governmental Authority**” shall mean any national, federal, state, county, municipal, local or foreign government, or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory, taxing or administrative functions of or pertaining to government, and any arbitrator or arbitral body or panel of competent jurisdiction;

“**Grupo VM**” means Grupo Villar Mir, S.A.U., a public limited company (*sociedad anónima*) incorporated under the laws of Spain;

“**holder**” means, in relation to a share in the capital of the Company, the member whose name is entered in the register of members as the holder of that share;

“**independent**” in relation to a Director means that such Director is (a) independent as defined under the Exchange Rules, and (b) prior to the Sunset Date, independent from Grupo VM and any of its Affiliates;

“**Law**” means any federal, state, provincial, municipal, local or foreign law, statute, code, ordinance, rule, regulation, circular, order, judgment, writ, stipulation, award, injunction, decree or arbitration award or finding;

“**member**” means a member of the Company;

“**Nasdaq**” means the Nasdaq Stock Market;

“**Nasdaq Rules**” means the Nasdaq Stock Market Rules or the rules of such other applicable Exchange, as amended and supplemented from time to time;

“**Nominations Committee**” has the meaning given in Article 26;

“**Office**” means the registered office of the Company from time to time;

“**officer**” includes a Director, manager and the secretary, but shall not include an auditor;

“**Ordinary Shares**” means the ordinary shares in the capital of the Company from time to time, identified in Article 4.1 and with the rights and being subject to the limitations in these Articles generally;

“**paid**” means paid or credited as paid;

“**Percentage Interest**” means, with respect to any member, the percentage of the total outstanding Ordinary Shares owned by that member;

“**Person**” means any individual, corporation, limited company, limited liability company, partnership, association, trust, unincorporated organization, Governmental Authority, other entity or group (as defined in Section 13(d) of the Exchange Act) wherever resident or domiciled;

“**public announcement**” shall mean disclosure in a press release reported by Reuters, the Dow Jones News Service, Associated Press or a comparable news service or other method of public announcement as the Board may deem appropriate in the circumstances or in a document publicly filed by the Company with the US Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act;

“**register**” means the register of members of the Company;

“**seal**” means the common seal (if any) of the Company and includes an official seal (if any) kept by the Company by virtue of section 49 or 50 of the Companies Act;

“**secretary**” means the secretary of the Company and includes a joint, assistant, deputy or temporary secretary and any other person appointed to perform the duties of the secretary of the Company;

“**Subsidiary**” shall mean, with respect to any Person, any corporation, partnership, joint venture or other legal entity of which such Person (either alone or through or together with any other Subsidiary), owns, directly or indirectly, a majority of the stock or other equity interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such corporation, partnership, joint venture or other legal entity, or any Person that would otherwise be deemed a “subsidiary” under Rule 12b-2 promulgated under the Exchange Act;

“**Sunset Date**” means the first date after the date of adoption of these Articles on which Grupo VM and its Affiliates in the aggregate beneficially own less than 10% of the issued and outstanding Ordinary Shares;

“**tender offer**” means a tender offer within the meaning of Section 14(d) of the Exchange Act.

“**uncertificated share**” means a share in the capital of the Company which is not held in physical certificated form and references in these Articles to a share being held in uncertificated form shall be construed accordingly;

“**undertaking**” includes a body corporate, trust or partnership, joint ventures or an unincorporated association carrying on a trade or business with or without a view to profit (and, in relation to an undertaking which is not a company, expressions in these Articles appropriate to companies shall be construed as references to the corresponding persons, officers, documents or organs (as the case may be) appropriate to undertakings of that description);

“**United Kingdom**” means Great Britain and Northern Ireland;

“**Units**” has the meaning given in Article 4.13;

“**US Dollars**” or “**\$**” means the lawful currency of the United States of America; and

“**Voting Shares**” means the Ordinary Shares and any other shares which may be issued with the right to attend and vote at general meetings.

- 2.2 Subject to the following paragraph, references to any provision of any enactment or of any subordinate legislation (as defined by section 2(1) of the Interpretation Act 1978) include any modification or re-enactment of that provision for the time being in force.
- 2.3 Words and expressions contained in these Articles which are not defined in Article 2 but are defined in the Companies Act have the same meaning as in the Companies Act (but excluding any modification of the Companies Act not in force at the date these Articles took effect) unless inconsistent with the subject or the context.
- 2.4 In these Articles, unless the context otherwise requires:
- (a) words in the singular include the plural, and *vice versa*;
  - (b) words importing any gender include all genders;
  - (c) reference to a document or information being “sent”, “supplied” or “given” to or by a Person means such document or information, or a copy of such document or information, being sent, supplied, given, delivered, issued or made available to or by, or served on or by, or deposited with or by that Person by any method authorised by these Articles, and “sending”, “supplying” and “giving” shall be construed accordingly;
  - (d) references to documents “being signed” or to “signature” include a reference to it being executed under hand or under seal or by any other method and, in the case of a communication in electronic form, such references are to its being authenticated as specified in the Companies Act;
  - (e) references to “writing” include references to typewriting, printing, lithography, photography and any other modes of representing or reproducing words in a legible and non-transitory form, whether sent or supplied in electronic form or made available on a website or otherwise and “written” shall be construed accordingly;
  - (f) references to “other” and “otherwise” shall not be construed *ejusdem generis* where a wider construction is possible;
  - (g) references to a power are to power of any kind, whether administrative, discretionary or otherwise;
  - (h) references to a committee of the Directors are to a committee established in accordance with these Articles, whether or not comprised wholly of Directors;
  - (i) any words following the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;
  - (j) powers of delegation shall not be restrictively construed but the widest interpretation shall be given to them;
  - (k) the word “Board” in the context of the exercise of any power contained in these Articles includes any committee consisting of one or more Directors, any Director, any other officer of the Company and any local or divisional board, manager or agent of the Company to which or, as the case may be, to whom the power in question has been delegated;

(l) no power of delegation shall be limited by the existence or, except where expressly provided by the terms of delegation, the exercise of that or any other power of delegation; and

(m) except where expressly provided by the terms of delegation, the delegation of a power shall not exclude the concurrent exercise of that power by any other Person who is for the time being authorised to exercise it under these Articles or under another delegation of the power.

2.5 For the purposes of Articles 25.4 and 35.4 a Director shall be regarded as a “nominee” of Grupo VM if, prior to the date of adoption of these Articles, such Director was a Grupo VM Director who was not required to be independent within the meaning of the Exchange Rules or, after the date of adoption of these Articles, Grupo VM proposed the appointment of that Director to the Nominations Committee prior to his or her appointment to the Board in accordance with the Amended and Restated Shareholders’ Agreement between the Company and Grupo VM dated 26 October 2017.

2.6 The headings are inserted for convenience only and do not affect the construction of these Articles.

### 3. **LIABILITY OF MEMBERS**

The liability of each member is limited to the amount, if any, unpaid on the shares held by that member.

### 4. **SHARES AND SHARE CAPITAL**

4.1 Subject to Article 5.6, the Company may issue the following shares in the capital of the Company with rights attaching to them and denominated as follows:

**Ordinary Shares**, each of which shall be denominated in US Dollars. Each Ordinary Share shall be issued with one vote attaching to it for voting purposes in respect of all matters on which Voting Shares in the capital of the Company have voting rights and shall form a single class with the other Voting Shares in the capital of the Company for such purposes. The holders of Ordinary Shares shall be entitled to receive notice of, attend and speak at and vote at, general meetings of the Company.

4.2 Notwithstanding Article 4.1, subject to the provisions of the Companies Act, and without prejudice to any rights attached to any existing shares or class of shares:

(a) any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination, as the Directors may determine);

(b) the Company may issue nil paid or partly paid shares and the holder of such nil paid or partly paid shares shall have a right to vote, receive dividends and participate in a return of capital as if the shares were fully paid, together with such other rights or restrictions as the Board shall determine; and

(c) shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the Company or the holder and the Board may determine the terms, conditions and manner of redemption of shares provided that it does so before the shares are allotted.



- 4.3 The Company may exercise all powers of paying commissions or brokerage conferred or permitted by the Companies Act. Subject to the provisions of the Companies Act, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other and may be in respect of a conditional or an absolute subscription.
- 4.4 Except as required by Law or any Contract entered into by the Company, no Person shall be recognised by the Company as holding any share upon any trust. Except as otherwise provided by these Articles or by Law, the Company shall not be bound by or recognise (even if having notice of it) any equitable, contingent, future, partial or other claim or any interest in any share (or in any fractional part of a share) except the holder's absolute ownership of the entirety of the share and all the rights attaching to it.
- 4.5 Without prejudice to any powers which the Company or the Board may have to grant options to acquire, issue, allot, dispose of, convert, or otherwise deal with or make arrangements in relation to, shares and other securities in any form:
- (a) the Board may permit the holding of shares in any class of shares in uncertificated form; and
  - (b) the Company may issue shares in uncertificated form and may convert shares from certificated form to uncertificated form and *vice versa*.
- 4.6 Shares in the capital of the Company that fall within a certain class shall not form a separate class of shares from other shares in that class because any share in that class is held in uncertificated form.
- 4.7 Unless the Directors decide otherwise, shares in uncertificated form will be treated as separate holdings from any certificated shares which that member holds.
- 4.8 Unless Law or the Exchange Rules otherwise require or the Directors otherwise determine, shares which are issued or created from or in respect of shares in uncertificated form will be in uncertificated form and shares which are issued or created from or in respect of certificated shares will be certificated shares.
- 4.9 The Company shall be entitled to assume that entries on any record of securities kept by it in accordance with Law and the Exchange Rules and regularly reconciled with the relevant operator of the register of securities are a complete and are an accurate reproduction of the particulars entered in the operator of the register of securities and therefore will not be liable in respect of anything done or not done by or on its behalf in reliance on such assumption; in particular, any provision of these Articles which requires or envisages action to be taken in reliance on information contained in the register or allows that action to be taken in reliance on information contained in any relevant record of securities (as so maintained and reconciled).
- 4.10 Where the Company is entitled under any provision of the Companies Act or these Articles to sell, transfer or otherwise dispose of, forfeit, re-allot, accept the surrender of, or otherwise enforce a lien over, a share held in uncertificated form, the Company shall be entitled, subject to the provisions of the Companies Act and these Articles to:
- (a) require the holder of that uncertificated share by notice to change that share into certificated form within the period specified in the notice and to hold that share in certificated form so long as required by the Company;
  - (b) appoint any Person to take any other steps, by instruction given through a Depositary or otherwise, in the name of the holder of that share as may be necessary to effect the

transfer of that share and these steps will be as effective as if they had been taken by the registered holder of that share; and

- (c) take any action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, reallocation or surrender of that share, or otherwise to enforce a lien in respect of that share.

4.11 If the Company has any shares in issue in uncertificated form, these Articles apply to those shares, but only so far as they are consistent with:

- (a) holding and transferring shares in uncertificated form; and
- (b) any provision of Law and the applicable Exchange Rules,

and, without affecting the general nature of this Article, if and to the extent that any provision of these Articles is inconsistent with the holding of, transfer of title to, or maintenance of shares in uncertificated form, it shall not apply to any share class which is in uncertificated form.

4.12 Prior to the Sunset Date, in any tender offer for Ordinary Shares, (a) the holders of Ordinary Shares shall be offered the same type and amount of consideration per share in such tender offer and (b) such tender offer shall be subject to a non-waivable condition that such tender offer be accepted by holders of a majority of the Ordinary Shares not held by Grupo VM or any Affiliate of Grupo VM; provided, however, that if the holders of Ordinary Shares are offered the right to elect to receive one of two or more alternative forms of consideration, the foregoing provision shall be deemed satisfied if all holders are offered the same election rights. This Article 4.12 may only be removed, amended or varied by resolution of members representing a majority of the Ordinary Shares present at a meeting of the Company, excluding Ordinary Shares held by Grupo VM or any Affiliate of Grupo VM.

4.13 Prior to the Sunset Date, in any scheme of arrangement, merger, consolidation, reorganization, business combination or other transaction negotiated with the Company that results in a Change of Control of the Company (other than any tender offer), the same type and amount of consideration per share shall be received by the holders of Ordinary Shares in such scheme of arrangement, merger, consolidation, reorganization, business combination or other transaction that results in a Change of Control of the Company; provided, however, that (a) if the holders of Ordinary Shares are granted the right to elect to receive one of two or more alternative forms of consideration, the foregoing provision shall be deemed satisfied if all holders are granted identical election rights and (b) this requirement shall not apply with respect to any Ordinary Shares held by the counterparty to, or acquiror of the Company under, such scheme of arrangement, merger, consolidation, reorganization, business combination or other transaction or any of such counterparty's or acquiror's Affiliates. This Article 4.13 may only be removed, amended or varied by resolution of members representing a majority of the Ordinary Shares present at a meeting of the Company, excluding Ordinary Shares held by Grupo VM or any Affiliate of Grupo VM.

4.14 Any consideration to be offered to or received by holders of Ordinary Shares pursuant to any employment, consulting, severance or other similar compensation arrangement approved by the Board, or any duly authorized committee thereof, shall not be considered to be consideration offered or received per share for purposes of the Article 4.15 or 4.16, regardless of whether such consideration is paid in connection with, or conditioned upon the completion of, such tender offer, scheme of arrangement, merger, consolidation, reorganization, business combination or other transaction that results in a Change of Control of the Company.

## 5. AUTHORITY TO ALLOT SHARES AND DISAPPLICATION OF PRE-EMPTION RIGHTS

5.1 Subject to these Articles and any agreement entered into with a member in writing, in addition to any similar authority which has not been fully utilised, the Board shall be generally and unconditionally authorised pursuant to section 551 of the Companies Act to:

- (a) exercise all of the powers of the Company to allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate amount representing 50 per cent. of the number of shares in the capital of the Company as at the date of the adoption of these Articles for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the date which is five years from the date of the adoption of these Articles by the Company; and
- (b) make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after expiry of the authority described in this Article 5.1 and the Board may allot shares and grant rights in pursuance of that offer or agreement as if this authority had not expired.

5.2 Subject to these Articles, and any agreement entered into with a member in writing, the Board shall be generally empowered pursuant to section 570 of the Companies Act and section 573 of the Companies Act to allot equity securities (as defined in the Companies Act) for cash, pursuant to the authority conferred by Article 5 of these Articles as if section 561(1) of the Companies Act did not apply to the allotment.

5.3 Subject to the provisions of the Companies Act relating to the authority to allot shares and the disapplication of pre-emption rights or otherwise and of any resolution of the Company in general meeting passed pursuant to those provisions, and, in the case of redeemable shares, the provisions of Article 5.4:

- (a) all shares for the time being in the capital of the Company shall be at the disposal of the Board; and
- (b) the Board may reclassify, allot (with or without conferring a right of renunciation), grant options over, or otherwise dispose of them to such Persons on such terms and conditions and at such times as it thinks fit.

5.4 Subject to the provisions of the Companies Act, and without prejudice to any rights attached to existing shares, any share may be issued which is to be redeemed, or is liable to be redeemed at the option of the Company or the holder. The Board may determine the terms, conditions and manner of redemption of any redeemable share so issued provided that it does so before the share is allotted, and these terms and conditions will apply to the relevant shares as if they were set out in these Articles.

5.5 The terms and conditions of any issued shares in the Company which are:

- (a) to be redeemed, or are liable to be redeemed at the option of the Company or the holder; and
- (b) were issued prior to the adoption of these Articles,

will apply to the relevant shares as if they were set out in these Articles provided that such shares were issued in accordance with the articles of the Company at the time and applicable Law.

## 6. VARIATION OF RIGHTS

- 6.1 Subject to these Articles and the provisions of the Companies Act, if at any time the capital of the Company is divided into different classes of shares, all or any of the rights attached to any existing class may from time to time be varied or abrogated, either while the Company is a going concern or during or in contemplation of a winding up:
- (a) in such manner (if any) as may be provided by those rights; or
  - (b) subject to Article 6.4 and 6.5, with the written consent of the holders of three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares), which consent shall be in hard copy form or in electronic form sent to such address (if any) for the time being specified by or on behalf of the Company for that purpose, or in default of such specification to the Office, and may consist of several documents, each executed or authenticated in such manner as the Board may approve by or on behalf of one or more holders, or a combination of both,

but not otherwise.

- 6.2 Subject to the provisions of the Companies Act, all the Articles relating to general meetings will apply to any such class meeting, with any necessary changes.
- 6.3 For the purposes of Article 6.1, if at any time the capital of the Company is divided into different classes of shares, unless otherwise expressly provided by the rights attached to any share or class of shares, those rights shall be deemed not to be varied or abrogated by:
- (a) the issue of further shares ranking *pari passu* with, or subsequent to, that share or class of shares;
  - (b) the purchase or redemption by the Company of any of its own shares; and
  - (c) the exercise by the Board of any of the powers contemplated by Articles 40.6, 40.7 and 41.1.

## 7. SHARE CERTIFICATES

- 7.1 On becoming the holder of any share other than a share in uncertificated form, every Person (except if applicable Law allows the Company not to issue share certificates) shall be entitled, without payment, to have issued to him within two months after allotment or lodgement of a transfer (unless the terms of issue of the shares provide otherwise) one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a certificate for the balance of that holding). A holder may elect to receive one or more additional certificates for any of his shares upon payment for every certificate after the first of such reasonable sum as the Directors may determine from time to time.
- 7.2 Every certificate shall:
- (a) be issued under the seal, or under such other form of authentication as the Board may approve (which may include manual or facsimile signatures by one or more Directors); and
  - (b) shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up on the shares.
- 7.3 The Company shall not be bound to issue more than one certificate for shares held jointly by more than one Person and delivery of a certificate to one joint holder shall be sufficient

delivery to all of them, and seniority shall be determined in the manner described in Article 22.3. Shares of different classes may not be included in the same certificate.

7.4 If a share certificate is damaged, defaced or worn out or said to be lost, stolen or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of any exceptional out-of-pocket expenses incurred by the Company in investigating evidence and preparing the requisite form of indemnity as the Directors may determine but otherwise free of charge, and (in the case of damage, defacement or wearing out) on delivery up of the old certificate to the Company.

## **8. LIEN**

8.1 The Company shall have a first and paramount lien on every share (not being a fully paid share) for all amounts payable to the Company (whether presently or not) in respect of that share. The Board may at any time (generally or in a particular case) waive any lien or declare any share to be wholly or in part exempt from the provisions of Articles 8.1 to 8.4 inclusive. The Company's lien on a share shall extend to all amounts (including without limitation dividends) payable in respect of it.

8.2 The Company may sell, in such manner as the Board determines, any share on which the Company has a lien if an amount in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share, or to the Person entitled to it in consequence of the death or bankruptcy of the holder or otherwise by operation of Law, stating the amount of money due, demanding payment and stating that if the notice is not complied with the shares may be sold.

8.3 To give effect to the sale the Board may, in the case of a share in certificated form, authorise any Person to execute an instrument of transfer of the share sold to, or in accordance with the directions of, the purchaser. In the case of a share in uncertificated form, the Board may, to enable the Company to deal with the share in accordance with the provisions of this Article 8.3, exercise any of the powers of the Company under Article 4.10 to effect the sale of the share. The title of the transferee to the share shall not be affected by any irregularity in or invalidity of the proceedings in reference to the sale and the transferee shall not be bound to see to the application of the purchase money.

8.4 The net proceeds of the sale, after payment of the costs, shall be applied in or towards payment or satisfaction of so much of the amount for which the lien exists as is presently payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the share sold, in the case of a share in certificated form, and, whether the share sold is in certificated form or uncertificated form, subject to a like lien for any amount not presently payable as existed upon the share before the sale) be paid to the Person entitled to the share at the date of the sale.

## **9. CALLS ON SHARES**

9.1 Subject to the terms of allotment, the Board may from time to time make calls upon the members in respect of any amounts unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least 14 clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may, before receipt by the Company of an amount due under it, be revoked in whole or in part and payment of a call may be postponed in whole or part. A Person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made.

- 9.2 A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.
- 9.3 The joint holders of a share shall be jointly and severally liable to pay all calls in respect of it.
- 9.4 If a call or an instalment of a call remains unpaid in whole or in part after it has become due and payable the Person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the shares in question or in the notice of the call or, if no rate is fixed, the rate determined by the Board, not exceeding 15 per cent. per annum, or, if higher, at the appropriate rate (as defined by the Companies Act), but the Board may in respect of any individual member waive payment of interest wholly or in part.
- 9.5 An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and notified and payable on the date so fixed or in accordance with the terms of the allotment. If it is not paid these Articles shall apply as if that sum had become due and payable by virtue of a call duly made and notified.
- 9.6 Subject to the terms of allotment, the Directors may on the issue of shares differentiate between the allottees or holders in the amounts and times of payment of calls on their shares.
- 9.7 The Board may, if it thinks fit, receive from any member willing to advance it all or any part of the amount unpaid on any shares held by him (beyond the sums actually called up) as a payment in advance of calls, and such payment shall, to the extent of it, extinguish the liability on the shares in respect of which it is advanced. The Company may pay on all or any of the amount so advanced (until it would, but for such advance, become presently payable) interest on the amount so received, or so much of it as exceeds the sums called up on the shares in respect of which it has been received, at such rate (if any) as the member and the Board agree not exceeding 15 per cent. per annum or, if higher, the appropriate rate (as defined in the Companies Act).

## **10. FORFEITURE AND SURRENDER**

- 10.1 If a call or an instalment of a call remains unpaid, in whole or in part, after it has become due and payable, the Board may give to the Person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.
- 10.2 If the notice is not complied with, any share in respect of which it was given may, at any time before the payment required by the notice has been made, be forfeited by a resolution of the Board. The forfeiture shall include all dividends and other amounts payable in respect of the forfeited shares and which have not been paid before the forfeiture. When a share has been forfeited, notice of the forfeiture shall be sent to the Person who was the holder of the share before the forfeiture. An entry shall be made promptly in the register opposite the entry of the share showing that notice has been sent, that the share has been forfeited and the date of forfeiture. No forfeiture shall be invalidated by the omission or neglect to send that notice or to make those entries.
- 10.3 Subject to the provisions of the Companies Act, a forfeited share shall be deemed to belong to the Company and may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Board determines either to the Person who was before the forfeiture the holder or to any other Person. At any time before sale, re-allotment or other disposition, the

forfeiture may be cancelled on such terms as the Board determines. Where for the purposes of its disposal a forfeited share is to be transferred to any Person, the Board may, in the case of a share in certificated form, authorise someone to execute an instrument of transfer and, in the case of a share in uncertificated form, the Board may exercise any of the powers of the Company under Article 12. The Company may receive the consideration given for the share on its disposal and register the transferee as the holder of the share.

- 10.4 A Person shall cease to be a member in respect of any share which has been forfeited or surrendered and shall, if the share is held in certificated form, surrender to the Company for cancellation the certificate for the share forfeited but shall remain liable to the Company for all amounts which at the date of forfeiture were presently payable by him to the Company in respect of that share plus interest at the rate at which interest was payable on those amounts before the forfeiture or, if no interest was so payable, at the rate determined by the Board, not exceeding 15 per cent. per annum or, if higher, the appropriate rate (as defined in the Companies Act) from the date of forfeiture until payment. The Board may waive payment wholly or in part or enforce payment without any allowance for the value of the share at the time of forfeiture or for any consideration received on its disposal.
- 10.5 The Board may accept the surrender of any share which it is in a position to forfeit upon such terms and conditions as may be agreed and, subject to any such terms and conditions, a surrendered share shall be treated as if it had been forfeited.
- 10.6 The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the Person whose share is forfeited and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or are by the Companies Act given or imposed in the case of past members.
- 10.7 A statutory declaration by a Director or the secretary that a share has been duly forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all Persons claiming to be entitled to the share. The declaration shall (subject to the execution of an instrument of transfer if necessary, in the case of a share in certificated form) constitute a good title to the share. The Person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings relating to the forfeiture or disposal of the share.

## **11. TRANSFER OF SHARES**

- 11.1 Without prejudice to any power of the Company to register as member a Person to whom the right to any share has been transmitted by operation of Law, the instrument of transfer of a share in certificated form may be in any usual form or in any other form which the Board may approve. An instrument of transfer shall be executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal.
- 11.2 The Board may, in its absolute discretion, refuse to register the transfer of a share in certificated form if it is not fully paid provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis.
- 11.3 The Board may, in its absolute discretion, also refuse to register the transfer of a share:
- (a) unless the instrument of transfer:
    - (i) is lodged, duly stamped, at the Office or such other place as the Board has appointed, accompanied by the certificate for the share to which it relates, or

such other evidence as the Directors may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf;

(ii) is in respect of only one class of shares; or

(iii) is in favour of not more than four transferees;

(b) with respect to a share on which the Company has a lien and a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share in accordance with Article 8.2; or

(c) in uncertificated form:

(i) in circumstances set out in the Exchange Rules or in accordance with applicable Law; or

(ii) unless the instrument of transfer is in favour of not more than four transferees.

11.4 If the Board refuses to register a transfer of a share, it shall as soon as practicable and in any event within two months after the date on which the instrument of transfer was lodged with the Company (in the case of a transfer of a share in certificated form) send to the transferee notice of the refusal together with reasons for the refusal. The Board shall send to the transferee such further information about the reasons for the refusal as the transferee may reasonably request.

11.5 No fee shall be charged for the registration of any instrument of transfer or other document or instruction relating to or affecting the title to any share.

11.6 The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the Board refuses to register shall (except in the case of fraud) be returned to the Person lodging it when notice of the refusal is sent.

11.7 Nothing in these Articles shall preclude the Board from recognising a renunciation of the allotment of any share by the allottee in favour of some other Person.

11.8 For the avoidance of doubt, nothing in these Articles shall require shares to be transferred by a written instrument if the Law or Exchange Rules provides otherwise and the Directors shall be empowered to implement such arrangements as they consider fit in accordance with and subject to the Law and the Exchange Rules to evidence and regulate the transfer of title to shares in the Company and for the approval or disapproval as the case may be by the Board or the operator of a Depository of the registration of those transfers.

## **12. TRANSMISSION OF SHARES**

12.1 If a member dies, the survivor or survivors where he was a joint holder, or his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only Persons recognised by the Company as having any title to his interest, but nothing in this Article 12.1 shall release the estate of a deceased member from any liability in respect of any share which had been solely or jointly held by him.

12.2 A Person becoming entitled to a share in consequence of the death or bankruptcy of a member or otherwise by operation of Law may, upon such evidence being produced as the Board may properly require, elect either to become the holder of the share or to have some Person nominated by him registered as the transferee. If he elects to become the holder he shall give notice to the Company to that effect. If he elects to have another Person registered, and the



share is a certificated share, he shall execute an instrument of transfer of the share to that Person. If he elects to have himself or another Person registered and the share is an uncertificated share, he shall take any action the Board may require and/or as required in accordance with the Exchange Rules (including without limitation the execution of any document) to enable himself or that Person to be registered as the holder of the share. All the provisions of these Articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer signed by the member and the death or bankruptcy of the member or other event giving rise to the transmission had not occurred.

12.3 The Board may at any time send a notice requiring any such Person referred to in Article 12.2 to elect either to be registered himself or to transfer the share. If the notice is not complied with within 60 days, the Board may after the expiry of that period withhold payment of all dividends or other amounts payable in respect of the share until the requirements of the notice have been complied with.

12.4 A Person becoming entitled to a share by reason of the death or bankruptcy of a member or otherwise by operation of Law shall, upon such evidence being produced as the Board may reasonably require as to his entitlement and subject otherwise to Article 12.2, have the same rights in relation to the share to which he would be entitled if he were the holder of the share, and may give a discharge for all dividends and other moneys payable in respect of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to receive notice of, or to attend or vote at, any general meeting or at any separate meeting of the holders of any class of shares in the capital of the Company.

### 13. SHARE WARRANTS

13.1 In accordance with Law, the Company shall not issue share warrants to bearer.

### 14. UNTRACED MEMBERS

14.1 The Company shall be entitled to sell any share held by a member, or any share to which a Person is entitled by transmission, if:

- (a) during the period of 12 years before the date of the publication of the advertisements referred to in paragraph (b) of this Article 14 (or, if published on different dates, the first date) (the *relevant period*) at least three dividends in respect of the share have been declared and all dividend warrants, cheques or other method of payment for amounts payable in respect of the share which have been sent and were payable in a manner authorised by these Articles have remained uncashed;
- (b) the Company has, as soon as practicable after the expiration of the relevant period, inserted an advertisement in a leading national daily newspaper published in the United Kingdom and in a newspaper circulating in the area of the registered address or last known address of the member or Person concerned, giving notice of its intention to sell such share; and
- (c) during the relevant period and the further period of three months after the publication of the advertisements referred to in paragraph (b) of this Article 14 (or, if published on different dates, the first date) the Company has received no communication from, or on behalf of, such member or Person concerned.

14.2 The Company shall also be entitled to sell any additional share issued during the relevant period of 12 years in right of any share to which Article 14.1 applies (or in right of any share so issued), if the criteria in Article 14.1 are satisfied in relation to the additional share (but as if the words “during the period of 12 years” were omitted from paragraph (a) of Article 14.1

and the words “, after the expiration of the relevant period,” were omitted from paragraph (b) of Article 14.1).

- 14.3 To give effect to the sale of any share pursuant to Articles 14.1 to 14.4 inclusive the Company may:
- (a) in the case of a share in certificated form, appoint any Person to execute an instrument of transfer of the share, and the instrument shall be as effective as if it had been executed by the registered holder of, or Person entitled by transmission to, the share; and
  - (b) in the case of a share in uncertificated form, the Directors may, to enable the Company to deal with the share in accordance with the provisions of Articles 14.1 to 14.4 inclusive, do all acts and things it considers necessary and expedient to effect the transfer of the share to, or in accordance with the directions of, the purchaser.
- 14.4 An instrument of transfer executed by that Person in accordance with paragraph (a) of Article 14.3 shall be as effective as if it had been executed by the holder of, or Person entitled by transmission to, the shares. An exercise by the Company of its powers in accordance with paragraph (b) of Article 14.3 shall be as effective as if exercised by the registered holder of or Person entitled by transmission to the shares. The purchaser shall not be bound to see to the application of the proceeds of sale, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings relating to the sale. The net proceeds of sale shall belong to the Company which shall be indebted to the member or other Person entitled to the share for an amount equal to the net proceeds of the sale and the Company shall enter the name of such former member or other Person in the books of the Company as a creditor for that amount. No trust or duty to account shall arise in respect of the net proceeds and no interest shall be payable in respect of the proceeds of sale, which may be employed in the business of the Company or invested in such investments as the Board may think fit.

## 15. ALTERATION OF CAPITAL

- 15.1 Subject to the Companies Act and the provisions of these Articles, and without prejudice to any relevant special rights attached to any class of shares, the Company may from time to time:
- (a) increase its share capital by allotting new shares;
  - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (c) sub-divide its shares, or any of them, into shares of smaller amount than its existing shares;
  - (d) redeem and/ or cancel any of its shares;
  - (e) redenominate its share capital or any class of share capital; and
  - (f) determine that, as between the shares resulting from such a sub-division, any of them may have any preference or advantage or different rights as compared with the others,

and where any difficulty arises in regard to any consolidation or division, the Directors may settle such difficulty as they see fit.

- 15.2 Whenever any fractions arise as a result of a consolidation or sub-division of shares, the Board may on behalf of the members deal with the fractions as it thinks fit. In particular,

without limitation, the Board may sell shares, representing fractions to which any members would otherwise become entitled, to any Person (including, subject to the provisions of the Companies Act, the Company) and distribute the net proceeds of sale in due proportion among those members or retain such net proceeds for the benefit of the Company. In the case of shares to be sold being held in certificated form, the Board may authorise some Person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. In the case of shares to be sold in uncertificated form, the Board may, to enable the Company to deal with the share in accordance with the provisions of this Article 15.2, do all acts and things it considers necessary or expedient to effect the transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

15.3 All shares created by an increase of the Company's share capital (unless otherwise provided by the terms of allotment of the shares of that class), by consolidation, division or sub-division of its share capital or the conversion of stock into paid-up shares shall be subject to all the provisions of these Articles, including without limitation provisions relating to the payment of calls, lien, forfeiture, transfer and transmission.

15.4 The Company shall not consolidate, divide, sub-divide or redenominate any one or more Ordinary Shares without consolidating, dividing, sub-dividing or redenominating (as the case may be) all of the Ordinary Shares, on an equal per share basis.

## **16. GENERAL MEETINGS**

16.1 The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the Companies Act.

16.2 All provisions of these Articles relating to general meetings of the Company shall, *mutatis mutandis*, apply to every separate general meeting of the holders of any class of shares in the capital of the Company.

16.3 Where a Person is present by proxy or proxies, he is treated only as holding the shares in respect of which those proxies are authorised to exercise voting rights with respect to any matter proposed at the meeting.

16.4 The Board may call general meetings whenever and at such times and places as it shall determine. Subject to the provisions of the Companies Act, the executive chairman of the Company (the "**Executive Chairman**") may also call general meetings on behalf of the Board. On requisition of members pursuant to the provisions of the Companies Act, the Board shall promptly convene a general meeting in accordance with the requirements of the Companies Act.

## **17. NOTICE OF GENERAL MEETINGS**

17.1 Subject to the provisions of the Companies Act, an annual general meeting and all other general meetings shall be called by at least such minimum period of notice as is prescribed or permitted under the Companies Act.

17.2 Subject to the provisions of the Companies Act and any relevant special rights or restrictions attached to any shares, notices shall be given to every member as of the record date for such meeting and to the Directors. The auditors of the Company are entitled to receive all notices of, and other communications relating to, any general meeting which any member is entitled to receive. The Company shall solicit proxies and provide proxy statements for all meetings of members.

- 17.3 Subject to the provisions of the Companies Act, the notice shall specify the place (including without limitation any satellite meeting place arranged for the purposes of Article 19.8, which shall be identified as such in the notice), the date and the time of meeting and the general nature of the business to be transacted, and in the case of an annual general meeting shall specify the meeting as such. In the case of a meeting to pass a special resolution, the notice shall specify the intention to propose the resolution as a special resolution.
- 17.4 Where the Company has given an electronic address in any notice of meeting, any document or information relating to proceedings at the meeting may be sent by electronic means to that address, subject to any conditions or limitations specified in the relevant notice of meeting.
- 17.5 The accidental omission to send notice of a meeting or resolution, or to send any notification where required by the Companies Act or these Articles in relation to the publication of a notice of meeting on a website, or to send a form of proxy where required by the Companies Act or these Articles, to any Person entitled to receive it, or the non-receipt for any reason of any such notice, resolution or notification or form of proxy by that Person, whether or not the Company is aware of such omission or non-receipt, shall not invalidate the proceedings at that meeting.

## **18. LIST OF MEMBERS FOR VOTING AT GENERAL MEETINGS**

- 18.1 At least ten days before every general meeting, the secretary shall prepare a complete list of the members entitled to vote at the meeting. Such list shall:
- (a) be arranged in alphabetical order;
  - (b) show the address of each member entitled to vote at the meeting; and
  - (c) show the number of shares registered in the name of each member.
- 18.2 The list of members prepared in accordance with Article 18.1 shall be available during ordinary business hours for a period of at least ten days before the general meeting for inspection by any member for any purpose relevant to the meeting. If the notice of the meeting does not specify the place where the members may inspect the list of members, the list of members shall be available for inspection (at the discretion of the Board) at either the Office or on a website. The list of members shall be available for inspection by any member who is present at the meeting, at the place and for the duration, of the meeting.

## **19. PROCEEDINGS AT GENERAL MEETINGS**

- 19.1 No business shall be transacted at a meeting unless a quorum is present. The absence of a quorum shall not preclude the choice or appointment of a chairman, which shall not be treated as part of the business of the meeting. Except as otherwise provided by these Articles, a quorum is the members who together represent at least the majority of the voting rights of all the members entitled to vote, present in person or by proxy, at the relevant meeting.
- 19.2 If a quorum is not present within half an hour after the time appointed for holding the meeting (or any longer period not exceeding one hour which the chairman of the meeting can decide), or if during a meeting a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved, and in any other case shall stand adjourned to such date, time and place as the chairman of the meeting may, subject to the provisions of the Companies Act, determine. If at the adjourned meeting a quorum is not present within 15 minutes after the time appointed for holding the meeting, the meeting shall be dissolved.
- 19.3 The chairman (if any) of the Board, or in his absence the deputy chairman of the Board, shall preside as chairman of the meeting. In the absence of the chairman of the Board or the deputy

chairman of the Board, some other Director nominated prior to the meeting by the Board shall preside as chairman of the meeting. If none of the chairman, deputy chairman or such other Director (if any) is present within 15 minutes after the time appointed for holding the meeting or is not willing to act as chairman, the Directors present shall elect one of their number present and willing to act to be chairman of the meeting, and if there is only one Director present, he shall be chairman of the meeting if he agrees. This Article 19.3 is subject to Article 19.4

- 19.4 If no Director is willing to act as chairman or if no Director is present within 15 minutes after the time appointed for holding the meeting, the members present in person or by proxy and entitled to vote shall choose a member present in person or a proxy of a member or a person authorised to act as a representative of a corporation in relation to the meeting to be chairman of the meeting.
- 19.5 The Board or the chairman of the meeting may direct that any person wishing to attend any general meeting should submit to such searches or other security arrangements (including without limitation, requiring evidence of identity to be produced before entering the meeting and placing restrictions on the items of personal property which may be taken into the meeting) as they or he consider appropriate under the circumstances. The Directors or the chairman of the meeting may in their or his absolute discretion refuse entry to, or eject from, any general meeting any person who refuses to submit to a search or otherwise comply with such security arrangements.
- 19.6 The Board or the chairman of the meeting may take such action, give such direction or put in place such arrangements as they or he consider appropriate to secure the safety of the people attending the meeting and to promote the orderly conduct of the business of the meeting. Any decision of the chairman of the meeting on matters of procedure or matters arising incidentally from the business of the meeting, and any determination by the chairman of the meeting as to whether a matter is of such a nature, shall be final.
- 19.7 Directors may attend and speak at general meetings and at any separate meeting of the holders of any class of shares, whether or not they are members. The chairman of the meeting may permit other Persons who are not members of the Company or otherwise entitled to exercise the rights of members in relation to general meetings to attend and, at the chairman of the meeting's discretion, speak at a general meeting or at any separate class meeting.
- 19.8 In the case of any general meeting, the Board may, notwithstanding the specification in the notice convening the general meeting of the place at which the chairman of the meeting shall preside (the "**principal place**"), make arrangements for simultaneous attendance and participation at satellite meeting places, or by way of any other electronic means, allowing persons not present together at the same place to attend, speak and vote at the meeting. The arrangements for simultaneous attendance and participation at satellite meeting places, or other places at which persons are participating via electronic means may include arrangements for controlling or regulating the level of attendance at any particular venue provided that such arrangements shall operate so that all members and proxies wishing to attend the meeting are able to attend at one or other of the venues. The members or proxies at the satellite meeting places, or other places at which persons are participating via electronic means, shall be counted in the quorum for, and be entitled to vote at, the general meeting in question, and that meeting shall be duly constituted and its proceedings valid if the chairman of the meeting is satisfied that adequate facilities are available throughout the meeting to ensure that the members or proxies attending at the satellite meeting places, or other places at which persons are participating via electronic means, are able to:
- (a) participate in the business for which the meeting has been convened;

- (b) see and hear all persons who speak (whether through the use of microphones, loud speakers, audio-visual communication equipment or otherwise) in the principal place and any other such place; and
  - (c) be heard and seen by all other persons so present in the same way.
- 19.9 The chairman of the general meeting shall be present at, and the meeting shall be deemed to take place at, the principal place. If it appears to the chairman of the meeting that the facilities at the principal place or any satellite meeting place, have become inadequate for the purposes set out in Article 19.8, then the chairman of the meeting may, without the consent of the meeting, interrupt or adjourn the general meeting. All business conducted at the general meeting up to the point of the adjournment shall be valid. The provisions of Article 19.14 shall apply to that adjournment.
- 19.10 The Board may make arrangements for persons entitled to attend a general meeting or an adjourned general meeting to be able to view and hear the proceedings of the general meeting or adjourned general meeting and to speak at the meeting (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) by attending at a venue anywhere in the world not being a satellite meeting place. Those attending at any such venue shall not be regarded as present at the general meeting or adjourned general meeting and shall not be entitled to vote at the meeting at or from that venue. The inability for any reason of any member present in person or by proxy at such a venue to view or hear all or any of the proceedings of the meeting or to speak at the meeting shall not in any way affect the validity of the proceedings of the meeting.
- 19.11 The Board may from time to time make any arrangements for controlling the level of attendance at any venue for which arrangements have been made pursuant to Article 19.8 (including without limitation the issue of tickets or the imposition of some other means of selection) it in its absolute discretion considers appropriate, and may from time to time change those arrangements. If a member, pursuant to those arrangements, is not entitled to attend in person or by proxy at a particular venue, he shall be entitled to attend in person or by proxy at any other venue for which arrangements have been made pursuant to Article 19.10. The entitlement of any member to be present at such venue in person or by proxy shall be subject to any arrangement then in force and stated by the notice of meeting or adjourned meeting to apply to the meeting.
- 19.12 If, after the sending of the notice of a general meeting but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board decides that it is impracticable or unreasonable, for a reason beyond its control, to hold the meeting at the declared place (or any of the declared places, in the case of a meeting to which Article 19.8 applies) and/or time, it may change the place (or any of the declared places, in the case of a meeting to which Article 19.7 applies) and/or postpone the time at which the meeting is to be held. If such a decision is made, the Board may then change the place (or any of the declared places, in the case of a meeting to which Article 19.8 applies) and/or postpone the time again if it decides that it is reasonable to do so. In either case:
- (a) no new notice of the meeting need be sent, but the Board shall, if practicable, advertise the date, time and place of the meeting by public announcement and in two newspapers with national circulation in the United Kingdom and shall make arrangements for notices of the change of place and/or postponement to appear at the original place and/or at the original time; and
  - (b) a proxy appointment in relation to the meeting may, if by means of a document in hard copy form, be delivered to the Office or such other place within the United Kingdom as may be specified by or on behalf of the Company in accordance with

paragraph (a) of Article 23.6 or, if in electronic form, be received at the address (if any) specified by or on behalf of the Company in accordance with paragraph (b) of Article 23.6.

- 19.13 For the purposes of Articles 19.8, 19.9, 19.10, 19.11 and 19.12, the right of a member to participate in the business of any general meeting shall include, without limitation, the right to speak, vote on a poll, be represented by a proxy and have access to all documents which are required by the Companies Act or these Articles to be made available at the meeting.
- 19.14 Without prejudice to any other power of adjournment he may have under these Articles or at common law:
- (a) the chairman of the meeting may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place; and
  - (b) the chairman of the meeting may, without the consent of the meeting, adjourn the meeting before or after it has commenced, to another date, time or place which the chairman of the meeting may decide, if the chairman of the meeting considers that:
    - (i) there is not enough room for the number of members and proxies who wish to attend the meeting;
    - (ii) the behaviour of anyone present prevents, or is likely to prevent, the orderly conduct of the business of the meeting;
    - (iii) an adjournment is necessary to protect the safety of any person attending the meeting; or
    - (iv) an adjournment is otherwise necessary in order for the business of the meeting to be properly carried out.
- 19.15 An adjournment may, subject to the provisions of the Companies Act and these Articles, be for such time and to such other place (or, in the case of a meeting held at a principal place and a satellite meeting place, such other places) as the chairman may, in his absolute discretion determine, notwithstanding that by reason of such adjournment some members may be unable to be present at the adjourned meeting. Any such member may nevertheless appoint a proxy for the adjourned meeting either in accordance with Articles 23.2, 23.3 and 23.6 or by means of a document in hard copy form which, if delivered at the meeting which is adjourned to the chairman or the secretary or any Director, shall be valid even though it is given at less notice than would otherwise be required by paragraph (a) of Article 23.6. Subject to the provisions of the Companies Act, it shall not be necessary to give notice of an adjourned meeting, except that when a meeting is adjourned for 30 days or more, or for an indefinite period, at least seven clear days' notice shall be given specifying the time and place (or places, in the case of a meeting to which Article 19.8 applies) of the adjourned meeting and the general nature of the business to be transacted. No business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. Members who together represent at least the majority of the voting rights of all the members entitled to vote, present in person or by proxy, at the relevant meeting will constitute a quorum at an adjourned meeting.
- 19.16 Any resolution put to a vote at a general meeting shall be decided on a poll. This Article 19.16 may only be removed, amended or varied by resolution of the members passed unanimously at a general meeting of the Company.

- 19.17 Subject to Article 19.18, a poll shall be taken as the chairman directs and he may, and shall if required by the meeting, appoint scrutineers (who need not be members) and fix a time and a place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 19.18 A poll on the election of a chairman or on a question of adjournment shall be taken immediately. A poll on any other question shall be taken at the meeting or, the chairman may, with the consent of the meeting, determine that the poll shall be taken at such time and place as the chairman directs not being more than 30 days after the meeting.

## **20. AMENDMENTS TO RESOLUTIONS**

- 20.1 A special resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
  - (b) the amendment does not go beyond what is necessary to correct a clear error in the resolution.
- 20.2 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- (a) written notice of the terms of the proposed amendment and of the intention to move the amendment have been delivered in hard copy to the Company at the Office or to such other place as may be specified by or on behalf of the Company for that purpose, or received in electronic form at such address (if any) for the time being specified by or on behalf of the Company for that purpose, at least 48 hours before the time for holding the meeting or the adjourned meeting at which the ordinary resolution in question is proposed (which, if the Board so specifies, shall be calculated taking no account of any part of a day that is not a working day) and the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the substance of the resolution; or
  - (b) the chairman of the meeting, in his absolute discretion, decides that the proposed amendment may be considered or voted on.
- 20.3 With the consent of the chairman of the meeting, an amendment may be withdrawn by its proposer before it is voted on. If an amendment proposed to any resolution under consideration is ruled out of order by the chairman of the meeting, the proceedings on the resolution shall not be invalidated by any error in the ruling.

## **21. PROPOSED MEMBER RESOLUTIONS**

- 21.1 Where a member or members, in accordance with the provisions of the Companies Act, request the Company to (i) call a general meeting for the purposes of bringing a resolution before the meeting, or (ii) give notice of a resolution to be proposed at a general meeting, such request must, in each case and in addition to the requirements of the Companies Act, contain the following (and, to the extent that the request relates to the nomination of a Director, the content requirements of paragraph (b) of Article 25.1 also apply):
- (a) to the extent that the request relates to the nomination of a Director, as to each person whom the member(s) propose(s) to nominate for election or re-election as a Director, all information relating to such person that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of



proxies for election of Directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected;

- (b) to the extent that that request relates to any business other than the nomination of a Director that the member(s) propose(s) to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such member(s) and any Member Associated Person, individually or in the aggregate, including any anticipated benefit to the member(s) or the Member Associated Person therefrom; and
- (c) as to the member(s) giving the notice and the Member Associated Person, if any:
  - (i) the name and address of such member(s), as they appear on the Company's books, and of such Member Associated Persons, if any;
  - (ii) the class and number of shares of the Company which are owned beneficially and of record by such member(s) and such Member Associated Persons, if any;
  - (iii) a description of all agreements, arrangements and understandings between: (i) such member (other than where the member is a Depository) and such Member Associated Persons, if any; and (ii) such member (other than where the member is a Depository) and such Member Associated Persons and each proposed nominee and any other Person or Persons (including their names) in connection with the nomination of a Director;
  - (iv) the proposal of any other business by such member(s) or such Member Associated Person, if any;
  - (v) any other information relating to such member or Member Associated Person within Article 21.2(b) that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies pursuant to Section 14 of the Exchange Act; and
  - (vi) to the extent known by the Member Associated Person or the member(s) giving the notice, the name and address of any other member or person within Article 21.2(a) - (c) supporting the nominee for election or re-election as a Director or the proposal of other business on the date of such request.

21.2 For the purposes of this Article 21.1, a **Member Associated Person** of any member shall mean:

- (a) any Person controlling, directly or indirectly, or acting in concert with, such member;
- (b) any beneficial owner of shares in the capital of the Company owned of record or beneficially (within the meaning of the Exchange Act) by such member; and
- (c) any Person controlling, controlled by or under common control with such Member Associated Person,

and in each case on whose behalf the member's request in accordance with this Article 21 is made.

21.3 If a request made in accordance with Article 21.1 does not include the information specified in that Article, or if a request made in accordance with Article 21.1 is not received in the time and manner required by Article 21.4, in respect of such shares which the relevant member(s) or Member Associated Person own beneficially (the “**member default shares**”) the relevant member(s) shall not be entitled to vote, either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares (or at an adjournment of any such meeting), the member default shares with respect to the matters detailed in the request made in accordance with Article 21.1.

21.4 Without prejudice to the rights of any member under the Companies Act, a member who makes a request to which Article 21.1 relates, must deliver any such request in writing to the secretary at the Office not earlier than the close of business on the one hundred and twentieth (120) calendar day nor later than the close of business on the ninetieth (90) calendar day prior to the date of the first anniversary of the preceding year’s annual general meeting provided, however, that in the event that the date of an annual general meeting is more than thirty (30) calendar days before or more than sixty (60) calendar days after the date of the first anniversary of the preceding year’s annual general meeting, notice by the member must be so delivered in writing not earlier than the close of business on the one hundred and twentieth (120) calendar day prior to such annual general meeting and not later than the close of business on the later of (i) the ninetieth (90) calendar day prior to such annual general meeting and (ii) the 10 calendar day after the day on which public announcement of the date of such annual general meeting is first made by the Company. In no event shall any adjournment or postponement of an annual general meeting or the public announcement thereof commence a new time period for the giving of a member’s notice as described in this Article 21.4.

Notwithstanding anything in the foregoing provisions of this Article 21.4 to the contrary, in the event that the number of Directors to be elected to the Board is increased and there is no public announcement, naming all of the nominees for Director or specifying the size of the increased Board, made by the Company at least one hundred (100) calendar days prior to the date of the first anniversary of the preceding year’s annual general meeting or, a member’s notice required by this Article 21.4 shall also be considered as validly delivered in accordance with this Article 21.4, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the Office not later than 5.00 pm, local time, on the tenth (10) calendar day after the day on which such public announcement is first made by the Company.

Notwithstanding the provisions of Articles 21.1 or 21.3 or the foregoing provisions of this Article 21.4, a member shall also comply with all applicable requirements of the Companies Act and of the Exchange Act with respect to the matters set forth in Articles 21.1 or 21.3 or in this Article 21.4. Nothing in Article 21.1 or 21.3 or in this Article 21.4 shall be deemed to affect any rights of members to request inclusion of proposals in, nor the right of the Company to omit proposals from, the Company’s proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act, to the extent applicable to the Company and, in such event, subject in each case to compliance with the Exchange Act.

## 22. VOTES OF MEMBERS

22.1 Subject to any relevant special rights or restrictions attached to any shares (including, for the avoidance of doubt, such rights and restrictions set out in Article 4.1 and Article 25.10), on a vote on a resolution on a poll every member present in person or by proxy shall have one vote for every share of which is the holder or in respect of which his appointment of proxy or corporate representative has been made.

22.2 A member, proxy or corporate representative entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way.

- 22.3 In the case of joint holders the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members.
- 22.4 A member in respect of whom an order has been made by any court or official having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote by any person authorised in that behalf by that court or official and such person may vote by proxy. Evidence to the satisfaction of the Board of the authority of the person claiming the right to vote shall be delivered to the Office, or such other place as is specified in accordance with these Articles for the delivery or receipt of appointments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised (provided that the Company may specify, in any case, that in calculating the period of 48 hours, no account shall be taken of any part of a day that is not a working day). Failure to satisfy the requirements of this Article 22.4 shall cause the right to vote not to be exercisable.
- 22.5 No member shall have the right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by representative or proxy, in respect of any share held by him unless all amounts presently payable by him in respect of that share have been paid.
- 22.6 If at any time the Board is satisfied that any member, or any other Person appearing to be interested in shares held by such member, has been duly served with a notice under section 793 of the Companies Act (a “**section 793 notice**”) and is in default for the prescribed period in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Board may, in its absolute discretion at any time by notice (a “**direction notice**”) to such member direct that:
- (a) in respect of the shares in relation to which the default occurred (the “**default shares**”, which expression includes any shares issued after the date of the section 793 notice in respect of those shares) the member shall not be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll; and
  - (b) in respect of the default shares:
    - (i) no payment shall be made by way of dividend and no share shall be allotted or distributed pursuant to Articles 41.1, 42.1, and 42.2; and
    - (ii) no transfer of any default share shall be registered unless:
      - (A) the member is not himself in default as regards supplying the information requested and it has been proved to the satisfaction of the Board that no person in default of supplying the information required is interested in any of the shares which are the subject of the transfer; or
      - (B) the transfer is an approved transfer.
- 22.7 The Company shall send the direction notice to each other Person appearing to be interested in the default shares, but the failure or omission by the Company to do so shall not invalidate such notice.
- 22.8 Any direction notice shall cease to have effect not more than seven days after the earlier of receipt by the Company of:

- (a) a notice of an approved transfer, but only in relation to the shares transferred; or
  - (b) all the information required by the relevant section 793 notice, in a form satisfactory to the Board.
- 22.9 The Board may at any time send a notice cancelling a direction notice.
- 22.10 The Company may exercise any of its powers under Article 4.10 in respect of any default share that is held in uncertificated form.
- 22.11 For the purposes of this Article 22.11 and Articles 22.6, 22.7, 22.8, 22.9 and 22.10:
- (a) a Person shall be treated as appearing to be interested in any shares if the member holding such shares has sent to the Company a notification under section 793 of the Companies Act which either:
    - (i) names such Person as being so interested; or
    - (ii) fails to establish the identities of all those interested in the shares, and (after taking into account the said notification and any other relevant section 793 notification) the Company knows or has reasonable cause to believe that the Person in question is or may be interested in the shares;
  - (b) the prescribed period is 14 days from the date of service of the section 793 notice; and
  - (c) a transfer of shares is an approved transfer if:
    - (i) it is a transfer of shares pursuant to an acceptance of a takeover offer (within the meaning of section 794 of the Companies Act);
    - (ii) the Board is satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares the subject of the transfer to a party unconnected with the member and with any other Person appearing to be interested in the shares; or
    - (iii) the transfer results from a sale made through a recognised investment exchange as defined in the Financial Services and Markets Act 2000 or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded.
- 22.12 Nothing contained in Article 22.6, 22.7, 22.8, 22.9 and 22.10 limits the power of the Company under section 794 of the Companies Act.
- 22.13 Any objection to the qualification of any Person voting at a general meeting or on a poll or to the counting of, or failure to count, any vote, must be made at the meeting or adjourned meeting or at the time the poll is taken (if not taken at the meeting or adjourned meeting) at which the vote objected to is tendered. Every vote not disallowed at such meeting shall be valid and every vote not counted which ought to have been counted shall be disregarded. Any objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive. If a vote is not disallowed by the chairman of the meeting it is valid for all purposes.
- 22.14 The Company shall not be bound to enquire whether any proxy or corporate representative votes in accordance with the instructions given to him by the member he represents and if a proxy or corporate representative does not vote in accordance with the instructions of the member he represents the vote or votes cast shall nevertheless be valid for all purposes.

22.15 If any votes are counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it is pointed out at the same meeting, or any adjournment of the meeting, and, in the opinion of the chairman, it is of sufficient magnitude to vitiate the result of the voting.

### **23. PROXIES AND CORPORATE REPRESENTATIVES**

23.1 A member is entitled to appoint another Person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company in respect of the shares to which the proxy appointment relates. The proxy appointment shall, unless it provides to the contrary, be valid for any adjournment of the meeting as well as for the meeting to which it relates. A proxy need not be a member.

23.2 The appointment of a proxy shall be:

(a) in the case of a proxy relating to shares in the capital of the Company held in the name of a Depositary, in a form or manner of communication approved by the Board, which may include, without limitation, a voter instruction form to be provided to the Company by certain third parties on behalf of the Depositary. Subject thereto, the appointment of a proxy may be:

(i) in hard copy form; or

(ii) in electronic form, to the electronic address provided by the Company for this purpose; or

(b) in the case of a proxy relating to the shares to which paragraph (a) of Article 23.2 does not apply:

(i) in any usual form or in any other form or manner of communication which the Board may approve. Subject thereto, the appointment of a proxy may be:

(A) in hard copy form; or

(B) in electronic form, to the electronic address provided by the Company for this purpose;

23.3 The appointment of a proxy, whether made in hard copy form or in electronic form, shall be executed by or on behalf of the appointor in such manner as the Directors may approve, which in the case of a corporation may be either under its common seal or under the hand of a duly authorised officer or other person duly authorised for that purpose or in any other manner authorised by its constitution.

23.4 The Board may, if it thinks fit, but subject to the provisions of the Companies Act, at the Company's expense (with or without provision for their return prepaid) send hard copy forms of proxy for use at the meeting, or at any separate meeting of the holders of any class of shares, and issue invitations in electronic form to appoint a proxy in relation to the meeting in such form as may be approved by the Board. If, for the purpose of any meeting appointments of proxy or invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the Company's expense, they shall be issued to all (and not to some only) of the members entitled to be sent a notice of the meeting and to vote at it. The accidental omission or the failure due to circumstances beyond the Company's control, to send or make available such an appointment of proxy or give such an invitation to, or the non-receipt thereof by, any member entitled to attend and vote, at a meeting shall not invalidate the proceedings at that meeting.

- 23.5 The appointment of a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned. A member may appoint more than one proxy to attend on the same occasion, provided that each such proxy is appointed to exercise the rights attached to a different share or shares held by that member. References in these Articles to an appointment of proxy include references to an appointment of multiple proxies.
- 23.6 Without prejudice to paragraph (b) of Article 19.12 or the second sentence of Article 19.15, the appointment of a proxy shall:
- (a) if in hard copy form, be delivered by hand or by post to the Office or such other place within the United Kingdom as may be specified by or on behalf of the Company for that purpose:
    - (i) in the notice convening the meeting; or
    - (ii) in any form of proxy sent by or on behalf of the Company in relation to the meeting,by the time specified by the Board (as the Board may determine, in compliance with the provisions of the Companies Act) in any such notice or form of proxy; and
  - (b) if in electronic form, be received at the electronic address to which the appointment of a proxy may be sent by electronic means pursuant to a provision of the Companies Act or to any other address specified by or on behalf of the Company for the purpose of receiving the appointment of a proxy in electronic form:
    - (i) in the notice convening the meeting;
    - (ii) in any form of proxy sent by or on behalf of the Company in relation to the meeting;
    - (iii) in any invitation to appoint a proxy issued by the Company in relation to the meeting; or
    - (iv) on a website that is maintained by or on behalf of the Company and identifies the Company,by the time specified by the Board (as the Board may determine, in compliance with the provisions of the Companies Act) in any such method of notification.

The Board may specify, when determining the dates by which proxies are to be lodged, that no account need be taken of any part of a day that is not a working day.

- 23.7 Subject to the provisions of the Companies Act, where the appointment of a proxy is expressed to have been or purports to have been sent or supplied by a Person on behalf of a holder:
- (a) the Company may treat the appointment as sufficient evidence of that Person's authority to execute the appointment of proxy on behalf of that member; and
  - (b) the holder shall, if requested by or on behalf of the Company at any time, send or procure the sending of reasonable evidence of the authority under which the appointment of proxy has been made, sent or supplied (which may include, without limitation, a copy of such authority certified notarially or in some other way approved by the Board), to such address and by such time as may be specified in the request and, if the request is not complied with in any respect, the appointment of proxy may be treated as invalid.

23.8 Subject to Article 23.7, a proxy appointment which is not delivered or received in accordance with Article 23.6 shall be invalid. Where two or more valid appointments of proxy are delivered or received in respect of the same share in relation to the same meeting, the one which was last delivered or received shall, unless otherwise specified in the notice convening the meeting, be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which is last delivered or received, or if the Company determines that it has insufficient evidence to decide whether or not a proxy appointment is in respect of the same share, it shall be entitled to determine which proxy appointment (if any) is to be treated as valid. Subject to the Companies Act, the Company may determine at its discretion when a proxy appointment shall be treated as delivered or received for the purposes of these Articles.

23.9 The Company shall not be required to check that a proxy or corporate representative votes in accordance with any instructions given by the member by whom he is appointed. Any failure to vote as instructed shall not invalidate the proceedings on the resolution.

23.10 Any corporation which is a member of the Company (the “**grantor**”) may, by resolution of its directors or other governing body, authorise such Person or Persons as it thinks fit to act as its representative or representatives at any meeting of the Company or at any separate meeting of the holders of any class of shares. A Director, the secretary or other person authorised for the purpose by the secretary may require all or any of such Persons to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers. Such Person is entitled to exercise (on behalf of the grantor) the same powers as the grantor could exercise if it were an individual member of the Company. Where a grantor authorises more than one Person and more than one authorised Person purports to exercise a power in respect of the same shares:

(a) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and

(b) if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.

23.11 The termination of the authority of a Person to act as a proxy or duly authorised representative of a corporation does not affect:

(a) whether he counts in deciding whether there is a quorum at a meeting;

(b) the validity of anything he does as chairman of a meeting;

(c) the validity of a poll demanded by him at a meeting; or

(d) the validity of a vote given by that Person,

unless notice of the termination was either delivered or received as mentioned in the following sentence at least 24 hours before the start of the relevant meeting or adjourned meeting or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll. Such notice of termination shall be either by means of a document in hard copy form delivered to the Office or to such other place within the United Kingdom as may be specified by or on behalf of the Company in accordance with paragraph (a) of Article 23.6 or in electronic form received at the address specified by or on behalf of the Company in accordance with paragraph (b) of Article 23.6, regardless of whether any relevant proxy appointment was effected in hard copy form or in electronic form.

23.12 A proxy given in the form of a power of attorney or similar authorisation granting power to a Person to vote on behalf of a member at forthcoming meetings in general shall not be treated

as valid if it grants authorisation for a period of more than three years, unless a contrary intention is stated in it.

## **24. NUMBER OF DIRECTORS, CHIEF EXECUTIVE OFFICER**

24.1 The Company must have:

- (a) at least two Directors; and
- (b) no more than eleven Directors.

24.2 Subject to the approval of the Nominations Committee in accordance with Article 25, the chief executive officer shall be nominated as a Director by the Board.

## **25. APPOINTMENT OF DIRECTORS**

25.1 No person shall be appointed as a Director unless:

- (a) he or she is (i) nominated by the Board for appointment at a general meeting of the Company; or (ii) appointed by the Board pursuant to Article 25.9 (in each case, acting by a simple majority); or
- (b) notice in respect of that person given by a member qualified to vote at the meeting has been received by the Company in accordance with Article 21.1 and Article 21.4 or section 338 of the Companies Act of the intention to nominate that person for appointment; such notice stating the particulars which would, if he or she were so appointed, be required to be included in the Company's register of directors, together with confirmation by that person of his or her willingness to be appointed.

25.2 No person shall be nominated for appointment to the Board under Article 25.1(a)(i) or appointed to the Board under Article 25.1(a)(i) unless his or her appointment has been recommended to the Board by the Nominations Committee.

25.3 When considering the appointment or nomination of any person nominated by the Nominations Committee, each member of the Board shall act in good faith, in the interest of the Company, without regard to any separate interest.

25.4 Where a person has been approved by the Board for nomination for election as a Director at a general meeting of the Company, prior to the Sunset Date Grupo VM and its Affiliates shall not vote against the election of that Director at the general meeting unless a majority of its nominees on the Board have voted against such nomination.

25.5 Where more than one Director is nominated for appointment at any general meeting of the Company, separate resolutions shall be proposed in relation to the appointment of each Director.

25.6 At every annual general meeting all the Directors shall retire from office and will be eligible, subject to applicable Law, for nomination for re-appointment in accordance with this Article 25. A Director retiring at a general meeting retires at the end of that meeting or (if earlier) when a resolution is passed to appoint another person in the Director's place. Where a retiring Director is re-appointed, he continues as a Director without a break.

25.7 Any resolution proposed to be voted on at a general meeting in respect of the proposed removal of an existing Director and appointment of a person instead of the person so removed shall, pursuant to the Companies Act, be proposed as an ordinary resolution. Subject to these Articles and any agreement entered into with a member in writing, in addition to any power to remove Directors conferred by the Law, the Company can pass a special resolution to remove



a Director from office even though his time in office has not ended and can (subject to these Articles) appoint a person to replace a Director who has been removed in this way by passing an ordinary resolution.

25.8 Subject to the provisions of these Articles, the Company may by ordinary resolution appoint a person who is willing to act as a Director, and is permitted by Law to do so, to be a Director. Any Director elected in accordance with this Article 25.8 shall retire from office at the annual general meeting next following his or her appointment and will be eligible, subject to applicable Law, for nomination for re-appointment in accordance with this Article 25.

25.9 Subject to the provisions of these Articles, the Board may, without the approval of an ordinary resolution, appoint as a Director any person who is willing to act and is permitted to do so by Law. Any Director elected in accordance with this Article 25.9 shall retire from office at the annual general meeting next following his or her appointment and will be eligible, subject to applicable Law, for nomination for re-appointment in accordance with this Article 25.

25.10 A Director shall not be required to hold any shares in the capital of the Company by way of qualification.

## **26. NOMINATIONS COMMITTEE**

26.1 The Board shall constitute a committee (the “**Nominations Committee**”) to perform the functions set out in Article 25.

26.2 The Nominations Committee shall comprise three Directors, a majority of whom shall be independent Directors. While Grupo VM and its Affiliates own at least 30% of the Ordinary Shares, the Grupo VM nominees will be entitled to nominate not more than two-fifths of the members of the Nominations Committee. The Nominations Committee will be chaired by the Executive Chairman.

26.3 Subject to Article 26.2, the members of the Nominations Committee shall be appointed by the Board. The Nominations Committee shall comprise a majority of independent Directors.

26.4 In considering whether it should make a recommendation to the Board that a person proposed to it in accordance with Article 25 be nominated as a Director, the Nominations Committee shall at all times act in good faith and in accordance with their fiduciary duties and shall have regard to the following:

- (a) Directors shall be qualified to serve as a Director under applicable rules and policies of the Company, the Exchange Act and applicable Law; and
- (b) Directors shall at all times have demonstrated good judgment, character and integrity in his or her personal and professional dealings and have relevant financial, management and/or global business experience.

## **27. DIRECTORS’ FEES AND EXPENSES**

27.1 Unless otherwise determined by the Company by ordinary resolution, the remuneration of the Directors (other than the Executive Chairman, any chief executive officer who is serving as a Director, alternate Directors and Directors employed by the Company in an executive capacity, each of whom shall not receive separate remuneration for his services as a Director) for their services in the office of Director shall be as the Board may from time to time determine. The fees of the Directors shall be deemed to accrue from day to day and shall be distinct from and additional to any remuneration or other benefits which may be paid or provided to any Director pursuant to any other provision of these Articles.

27.2 The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Directors, or of committees of the Board, or general meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise in connection with the discharge of their duties as Directors. The Company can also fund a Director's or former Director's expenditure and that of a Director or former Director of any holding company of the Company for the purposes permitted by the Law and can do anything to enable a Director or former Director or a Director or former Director of any holding company of the Company to avoid incurring such expenditure all as provided in the Law.

27.3 Any Director who holds any executive office or who serves on any committee of the Board or who performs services which the Board considers go beyond the ordinary duties of a Director may be paid such special remuneration (whether by way of bonus, commission, participation in profits or otherwise) as the Board may determine.

## **28. DIRECTORS' GRATUITIES AND BENEFITS**

28.1 The Board may (by the establishment of, or maintenance of, schemes or otherwise) provide benefits, whether by the payment of allowances, gratuities or pensions, or by insurance or death, sickness or disability benefits or otherwise, for any past or present Director or employee of the Company or any past or present Director or employee of any of the Company's parent or subsidiary undertakings or any undertaking associated with, or any business acquired by, any of them, and for any member of his family (including a spouse or civil partner and a former spouse or former civil partner) or any person who is or was dependent on him and may (before as well as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

28.2 Any past or present Director or employee of the Company or any past or present director or employee of any of the Company's parent or subsidiary undertakings or any undertaking associated with, or any business acquired by, any of them, and any relations or dependents of such Directors and employees will not be accountable to the Company or the members for any benefit provided pursuant to this Article 28. Anyone receiving such a benefit will not be disqualified from being or becoming a Director of the Company.

## **29. ALTERNATE DIRECTORS**

29.1 Any Director (other than an alternate Director) may appoint any other Director, or any other person approved by the Board and willing to act and permitted by Law to do so, to be an alternate Director and may remove an alternate Director appointed by him from his appointment as alternate Director. Subject to the foregoing, a Director may appoint more than one alternate and a person may act as alternate for more than one Director. A Director may appoint an alternate director by sending a signed written notice of appointment to the office or to an address specified by the Company or by tabling it at a meeting of the Directors, or in such other way as the Board shall approve.

29.2 An alternate Director shall be entitled to receive notices of meetings of the Directors and of committees of the Directors of which his appointor is a member, to attend and vote at any such meeting at which the Director appointing him is not present but at which meeting such Director would be entitled to vote, and generally to perform all of the functions of his appointor as a Director in his absence, but shall not (unless the Company by ordinary resolution otherwise determines) be entitled to any fees for his services as an alternate Director. If an alternate Director is himself a Director, or he attends any meeting as an alternate Director for more than one Director, he can vote cumulatively for himself and for each other Director he represents but he cannot be counted more than once for the purposes of the quorum.

- 29.3 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director. If a Director retires but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate Director made by him which was in force immediately prior to his retirement shall continue after his reappointment.
- 29.4 An alternate Director shall cease to be an alternate Director on the occurrence (in relation to the alternate Director) of any event which, if it occurred in relation to his appointor, would result in the termination of the appointor's appointment as Director.
- 29.5 An appointment or removal of an alternate Director shall be by notice in writing to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Board.
- 29.6 Save as otherwise provided in these Articles, an alternate Director:
- (a) shall be deemed for all purposes to be a Director;
  - (b) shall alone be responsible for his own acts and omissions;
  - (c) shall, in addition to any restrictions which may apply to him personally, be subject to the same restrictions as his appointor; and
  - (d) shall not be deemed to be the agent of the Director appointing him.

### **30. POWERS OF THE BOARD**

- 30.1 Subject to the provisions of the Companies Act, these Articles and to any directions given by special resolution to take or refrain from taking, specified action, the business of the Company shall be managed by the Board who may exercise all the powers of the Company, including without limitation the power to dispose of all or any part of the undertaking of the Company. No alteration of these Articles and no such direction shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article 30.1 shall not be limited by any special power given to the Board by these Articles, and a meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.
- 30.2 The Board may exercise the voting power conferred by the shares in any body corporate held or owned by the Company in such manner in all respects as it thinks fit (including without limitation the exercise of that power in favour of any resolution appointing its members or any of them as directors of such body corporate, or voting or providing for the payment of remuneration or the provision of indemnification to the directors of such body corporate).
- 30.3 The Board may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its Subsidiaries (other than a Director or former Director or shadow Director) in connection with the cessation or transfer to any Person of the whole or part of the undertaking of the Company or that Subsidiary.

### **31. DELEGATION OF DIRECTORS' POWERS**

- 31.1 Subject to the provisions of these Articles, the Directors may delegate any of the powers which are conferred on them under these Articles:
- (a) to a committee consisting of one or more Directors and (if thought fit) one or more other persons, to such an extent and on such terms and conditions as the Board thinks fit (and such ability of the Directors to delegate under this Article applies to all powers and discretions and will not be limited because certain Articles refer to powers

and discretions being exercised by committees authorised by Directors while other Articles do not);

- (b) to such person by such means (including by power of attorney), to such an extent, and on such terms and conditions, as they think fit including delegation to any Director holding any executive office, any manager or agent such of its powers as the Board considers desirable to be exercised by him; or
- (c) to any specific Director or Directors (with power to sub-delegate). These powers can be given on terms and conditions decided on by the Directors either in parallel with, or in place of, the powers of the Directors acting jointly.

Any such delegation shall, in the absence of express provision to the contrary in the terms of delegation, be deemed to include authority to sub-delegate to one or more Directors (whether or not acting as a committee) or to any employee or agent of the Company all or any of the powers delegated and may be made subject to such conditions as the Board may specify, and may be revoked or altered. References in these Articles to any committee, Director, employee or agent include those acting under a delegation pursuant to this Article 31.1. The Directors can remove any people they have appointed in any of these ways and cancel or change anything that they have delegated, although this will not affect anybody who acts in good faith who has not has any notice of any cancellation or change.

- 31.2 The appointment of Directors to committees of the Board, including the chairpersons thereof, shall be determined by the Board by simple majority.
- 31.3 Subject to Article 31.4, the proceedings of any committee appointed under paragraph (a) of Article 31.1 with two or more members shall be governed by such of these Articles as regulate the proceedings of Directors so far as they are capable of applying, and the quorum at a meeting of any such committee shall be two.
- 31.4 The Directors may make rules regulating the proceedings of such committees, which shall prevail over any rules derived from these Articles pursuant to Article 31.2 if, and to the extent that, they are not consistent with them.
- 31.5 The Directors may, by power of attorney or otherwise, appoint any person, whether nominated directly or indirectly by the Directors, to be the agent of the Company for such purposes, with such powers, authorities and discretions (not exceeding those vested in the Board) and subject to such conditions as they think fit. The Directors may revoke or vary any such appointment or delegation and may also authorise the agent to sub-delegate all or any of the powers, authorities and discretions vested in him.
- 31.6 The power to delegate under Article 31.1 includes the power to delegate the determination of any fee, remuneration or other benefit which may be paid or provided to any Director.
- 31.7 The Board may appoint any person to any office or employment having a designation or title including the word “director” or attach to any existing office or employment with the Company such a designation or title and may terminate any such appointment or the use of any such designation or title. The inclusion of the word “director” in the designation or title of any such office or employment shall not imply that the holder is a Director, and the holder shall not thereby be empowered in any respect to act as, or be deemed to be, a Director for any of the purposes of these Articles.

## **32. DISQUALIFICATION AND REMOVAL OF DIRECTORS**

A person ceases to be a Director if:

- (a) he ceases to be a Director by virtue of any provision of the Companies Act (including, without limitation, section 168 of the Companies Act) or he becomes prohibited by Law from being a Director;
- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (c) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
- (d) by reason of his mental health a court makes an order which wholly or partly prevents him from personally exercising any powers or rights he would otherwise have;
- (e) he resigns his office by notice in writing to the Company;
- (f) in the case of a Director who holds any executive office, his appointment as such is terminated or expires and the Board resolves that he should cease to be a Director;
- (g) he is absent for more than six consecutive months without permission of the Board from meetings of the Board held during that period and the Board resolves that he should cease to be a Director; or
- (h) he dies.

### **33. EXECUTIVE DIRECTORS**

- 33.1 Subject to the provisions of the Companies Act and Article 25, the Directors may appoint one or more of their number to the office of Executive Chairman, executive vice-chairman (“**Executive Vice-Chairman**”), chief executive or to any other executive office of the Company (including, without limitation, to hold the office of president and/or treasurer but excluding that of auditor) and any such appointment may be made for such terms, at such remuneration and on such other conditions as the Directors think fit. The Company may enter into an agreement or arrangement with any such Director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a Director. The Board may revoke or vary any such appointment but without prejudice to any rights or claims which the person whose appointment is revoked or varied may have against the Company because of the revocation or variation.
- 33.2 Any appointment of a Director to an executive office shall terminate if he ceases to be a Director but without prejudice to any rights or claims which he may have against the Company by reason of that cessation. Except as provided in Article 32, a Director appointed to an executive office shall not cease to be a Director merely because his appointment to such executive office terminates.
- 33.3 The emoluments of any Directors holding executive office for his services shall be determined by the Board, and may be of any description, including without limitation admission to, or continuance of, membership of any scheme (including any share acquisition scheme) or fund instituted or established or financed or contributed to by the Company for the provision of pensions, life assurance or other benefits for employees or their dependants, or the payment of a pension or other benefits to him or his dependants on or after retirement or death, apart from membership of any such scheme or fund.
- 33.4 Except as otherwise delegated or agreed from time to time by the Board, the Executive Chairman shall have the authority and responsibilities set out in the guidelines established by the Board as at the date of adoption of these Articles.

33.5 Except as otherwise delegated or agreed from time to time by the Board, the Executive Vice-Chairman shall have the authority and responsibilities set out in the guidelines established by the Board as at the date of adoption of these Articles.

#### **34. DIRECTORS' INTERESTS**

34.1 For the purposes of these Articles (i) a conflict of interest may include (x) a conflict of interest and duty, (y) a conflict of duties, (ii) interest includes both direct and indirect interests and (iii) a Contract includes references to an existing or proposed contract and to an existing or proposed transaction or arrangement whether or not it is or will be a contract.

34.2 For the purposes of section 175 of the Companies Act, the Board may (subject to such terms and conditions, if any, as the Board may think fit to impose from time to time, and always subject to the Board's right to vary or terminate such authorisation) authorise, to the fullest extent permitted by Law:

- (a) any matter proposed to it in accordance with these Articles which would, if not so authorised, involve a breach of duty by a Director under that section, including, without limitation, any matter which relates to a situation in which a Director has, or can have, an interest which conflicts, or possibly may conflict, with the interests of the Company or which may reasonably be regarded as likely to give rise to a conflict of interest; and
- (b) a Director to accept or continue in any office, employment or position in addition to his office as a Director and, without prejudice to the generality of paragraph (a) of this Article 34.2, may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with, either before or at the time that such a conflict of interest arises,

provided that any such authorisation will be effective only if:

- (i) any requirement as to quorum at the meeting at which the matter is considered is met without counting the Director in question or any other interested Director; and
- (ii) the matter was agreed to without such Director voting or would have been agreed to if such Director's votes had not been counted.

The Board may (whether at the time of the giving of the authorisation or subsequently) make any such authorisation subject to any limits or conditions it expressly imposes but such authorisation is otherwise given to the fullest extent permitted. The terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded). The Board may vary or terminate any such authorisation at any time.

34.3 In accordance with Article 34.2, a Director shall be authorised for the purposes of section 175 of the Companies Act to act or continue to act as a Director notwithstanding that at the time of his appointment or subsequently he also:

- (a) holds office as a director of any other member of the Company's group;
- (b) holds any other office, employment or engagement with any other member of the Company's group;
- (c) participates in any scheme, transaction or arrangement for the benefit of the employees or former employees of any member of the Company's group (including

any pension fund or retirement, death or disability scheme or other bonus or employee benefit scheme); or

- (d) is interested directly or indirectly in any shares or debentures (or any rights to acquire shares or debentures) in any member of the Company's group.

34.4 Subject to Article 34.2, and for all purposes pursuant to these Articles or any agreement between the members, each Director with an interest pursuant to Article 34.3 shall be authorised for the purposes of sections 173(2) and 175 of the Companies Act to:

- (a) attend and vote at meetings of the Board (or any committee thereof) at which any relevant matter will or may be discussed, and receive board papers relating thereto; and
- (b) receive confidential information and other documents and information relating to the Company.

34.5 Subject to the provisions of the Companies Act, and provided that he has disclosed to the Board the nature and extent of any material interest of his (unless the circumstances referred to in section 177(5) or section 177(6) of the Companies Act apply, in which case no disclosure is required), a Director notwithstanding his office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- (b) may (or any firm of which he is a member may) act in a professional capacity for the Company (otherwise than as auditor) or any other body in which the Company is otherwise interested and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; and
- (c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any undertaking:
  - (i) in which the Company is (directly or indirectly) interested as member, member, partner or otherwise; or
  - (ii) with which he has such a relationship at the request or direction of the Company,

and, subject to these Articles, the Directors can exercise or arrange for the exercise of the voting rights attached to any shares in another company held by the Company and the voting rights which they have as directors of that company in any way that they decide. This includes voting in favour of a resolution appointing any of them as directors or officers of that company and deciding their remuneration. Subject to these Articles, they can also vote and be counted in the quorum as Directors of the Company in connection with any of these things.

34.6 A Director shall not, by reason of his office, be accountable to the Company for any remuneration or other benefit which he derives from any office or employment or from any transaction or arrangement or from any interest in any undertaking:

- (a) the acceptance, entry into or existence of which has been authorised by the Board pursuant to Article 34.2 (subject, in any case, to any limits or conditions to which such authorisation was subject); or

(b) which he is permitted to hold or enter into by virtue of paragraphs (a), (b) or (c) of Article 34.5,

nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Companies Act.

34.7 Any disclosure required by Article 34.5 may be made at a meeting of the Board, by notice in writing or by general notice or otherwise in accordance with section 177 of the Companies Act.

34.8 A Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director and in respect of which he owes a duty of confidentiality to another Person. However, to the extent that his relationship with that other Person gives rise to a conflict of interest or possible conflict of interest, this Article 34.8 applies only if the existence of that relationship has been authorised by the Board pursuant to Article 34.2. In particular, the Director shall not be in breach of the general duties he owes to the Company by virtue of sections 171 to 177 of the Companies Act because he fails:

(a) to disclose any such information to the Board or to any Director or other officer or employees of the Company; and/or

(b) to use or apply any such information in performing his duties as a Director.

34.9 Where the existence of a Director's relationship with another Person has been authorised by the Board pursuant to Article 34.2 and his relationship with that Person gives rise to a conflict of interest or possible conflict of interest, the Director shall not be in breach of the general duties he owes to the Company by virtue of sections 171 to 177 of the Companies Act because he:

(a) absents himself from meetings of the Board at which any matter relating to the conflict of interest or possible conflict of interest will or may be discussed or from the discussion of any such matter at a meeting or otherwise; and/or

(b) makes arrangements not to receive documents and information relating to any matter which gives rise to the conflict of interest or possible conflict of interest sent or supplied by the Company and/or for such documents and information to be received and read by a professional adviser,

for so long as he reasonably believes such conflict of interest or possible conflict of interest subsists.

34.10 The provisions of Articles 34.8 and 34.9 are without prejudice to any equitable principle or rule of Law which may excuse the Director from:

(a) disclosing information, in circumstances where disclosure would otherwise be required under these Articles; or

(b) attending meetings or discussions or receiving documents and information as referred to in Article 34.9, in circumstances where such attendance or receiving such documents and information would otherwise be required under these Articles.

34.11 For the purposes of Article 34.5:

(a) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified Person or class of Persons is interested shall be



deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified;

- (b) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and
- (c) a Director shall be deemed to have disclosed the nature and extent of an interest which consists of him being a Director, officer or employee of any undertaking in which the Company is interested.

34.12 Except as otherwise provided by these Articles, a Director shall not vote at a meeting of the Board or a committee of the Board on any resolution concerning a matter in which he has, directly or indirectly, an interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company) which can reasonably be regarded as likely to give rise to a conflict with the interests of the Company, unless his interest arises only because the resolution falls within one or more of the following matters:

- (a) the giving of a guarantee, security or indemnity in respect of money lent to, or an obligation incurred by him at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;
- (b) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility (in whole or in part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
- (c) the giving to him of any other indemnity which is on substantially the same terms as indemnities given or to be given to all of the other Directors and/or to the funding by the Company of his expenditure on defending proceedings or the doing by the Company of anything to enable him to avoid incurring such expenditure where all other Directors have been given or are to be given substantially the same arrangements;
- (d) a Contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription, purchase or exchange, in which offer he is or may be entitled to participate as holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (e) a Contract, arrangement, transaction or proposal concerning any other undertaking in which he or any Person connected with him is interested, directly or indirectly, and whether as an officer, member, partner, creditor or otherwise if he and any Persons connected with him do not to his knowledge hold an interest (as that term is used in sections 820 to 825 of the Companies Act) representing one per cent or more of either any class of the equity share capital of such undertaking (or any other undertaking through which his interest is derived) or of the voting rights available to shareholders, members, partners or equivalent of the relevant undertaking (or any interest being deemed for the purpose of this Article 34.12 to be likely to give rise to a conflict with the interests of the Company in all circumstances);
- (f) a Contract, arrangement, transaction or proposal for the benefit of employees and Directors and/or former employees and Directors of the Company or any of its subsidiary undertakings and/or members of their families (including a spouse or civil partner or a former spouse or former civil partner) or any person who is or was dependent on such persons, including but without being limited to a retirement benefits scheme and an employees' share scheme, which does not accord to any

Director any privilege or advantage not generally accorded to the employees and/or former employees to whom such arrangement relates; and

- (g) a Contract, arrangement, transaction or proposal concerning any insurance against any liability which the Company is empowered to purchase or maintain for, or for the benefit of, any Directors or for persons who include Directors.

34.13 Subject to Article 35.3, the Board may suspend or relax to the extent permitted by Law, either generally or in respect of any particular matter, any provision of these Articles prohibiting a Director from voting at a meeting of the Directors or of a committee of the Directors or ratify any transaction not duly authorised by reason of contravention of any such provision.

34.14 Where proposals are under consideration concerning the appointment (including without limitation fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any undertaking in which the Company is interested, the proposals may be divided and considered in relation to each Director separately. In such cases each of the Directors concerned shall be entitled to vote in respect of each resolution except that concerning his own appointment.

34.15 If a question arises at a meeting of the Directors, or a meeting of a committee of the Directors, as to the right of a Director to vote, the question may, before the conclusion of the meeting, be decided by a resolution of a majority of Directors present at the meeting (other than the Director concerned and any other Director having a like interest as such Director) and such resolution shall be final and conclusive.

### **35. PROCEEDINGS OF DIRECTORS**

35.1 Subject to the provisions of these Articles, the Board may regulate their proceedings as they think fit.

35.2 A Director may, and the secretary at the request of a Director shall, call a meeting of the Board by giving notice to each Director. A notice of a meeting of the Board shall be deemed to be properly given to a Director if given to him personally or by word of mouth, or sent in hard copy to him at his last known address or any other address (if any) as may for the time being be specified by him or on his behalf to the Company for this purpose or sent in electronic form to such address (if any) for the time being specified by him or on his behalf to the Company for this purpose. Any Director may waive the requirement for notice of a meeting and any such waiver may be retrospective. Any notice pursuant to this Article 35.2 need not be in writing if the Board so determines and any such determination may be retrospective.

35.3 Prior to the Sunset Date, the approval of a majority of the independent Directors (who are not conflicted in relation to the relevant matter) shall be required to authorize any transaction, agreement or arrangement between Grupo VM or any of its Affiliates or Connected Persons and the Company or any of its Affiliates, or the alteration, amendment, repeal or waiver of any such agreement, including any shareholders' agreement between the Company and Grupo VM.

35.4 Prior to 31 December 2019, the Board shall not remove the Executive Chairman from office as a Director without cause and no new Executive Directors shall be appointed, in each case, without the approval of a majority of the Directors who are nominees of Grupo VM and a majority of the independent Directors.

35.5 No business shall be transacted at any meeting of the Board unless a quorum is present. The quorum at a meeting of the Board shall be a majority of the Directors then in office. Any Director who ceases to be a Director at a Board meeting may continue to be present and to act

as a Director and be counted in the quorum until the termination of the Board meeting if no Director objects. A Director shall not be counted in the quorum present in relation to a matter or resolution on which he is not entitled to vote (or when his vote cannot be counted) but shall be counted in the quorum present in relation to all other matters or resolutions considered or voted on at the meeting. An alternate Director, who is not himself a Director shall, if his appointor is not present but is entitled to be counted in the quorum, be counted in the quorum.

- 35.6 The Directors may at any time elect from their number, and remove, a chairman of the Board and a deputy chairman. Unless he is unwilling to do so, the Director appointed as chairman, or in his stead the Director appointed as deputy chairman, shall preside at all meetings of the Board at which he is present. If there is no Director holding either office, or if neither the chairman nor the deputy chairman is present within five minutes after the time appointed for the meeting, or if the chairman or deputy chairman is not willing to preside, the Directors present may choose one of their number to be chairman of the meeting.
- 35.7 All acts done by a meeting of the Board, or of a committee of the Board, or by a person acting as a Director, shall, notwithstanding that it may afterwards be discovered that there was a defect in the appointment of any Director, any member of the committee or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, or that the meeting was not quorate (provided that the Directors present at the inquorate meeting believed, in good faith, that the meeting was quorate and made all such enquiries as were reasonable in the circumstances to establish that the meeting was quorate), be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote and that the meeting was quorate.
- 35.8 A resolution in writing agreed to by all the Directors entitled to receive notice of a meeting of the Board or of a committee of the Board and who would be entitled to vote (and whose vote would have been counted) on the resolution at a meeting of the Board or of a committee of the Board shall (if that number is sufficient to constitute a quorum) be as valid and effectual as if it had been passed at a meeting of the Board or (as the case may be) of that committee, duly convened and held. A resolution in writing is adopted when the Company receives from all such Directors a document indicating their agreement to the proposed resolution either by being signed or otherwise authenticated in the manner permitted by the Companies Act for a document in the relevant form, sent in either hard copy or electronic form (including facsimile transmission) to such address (if any) for the time being specified by the Company for that purpose. A resolution agreed to by an alternate Director need not also be agreed to by his appointor and, if it is agreed to by a Director who has appointed an alternate Director, it need not also be agreed to by the alternate Director in that capacity.
- 35.9 Without prejudice to Article 35.1, a meeting of the Board or of a committee of the Board may consist of a conference between Directors who are not all in one place, but each of whom is able (whether directly or by conference telephone or by any other form of communication equipment) to hear each of the other participating Directors, and to speak to and be heard by each of the others simultaneously. A Director taking part in such a conference shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in the quorum accordingly and the word "meeting" in these Articles shall be construed accordingly. Such meeting shall be deemed to take place where it is convened to be held or (if no Director is present in that place) where the largest group of those participating is assembled, or, if there is no such group, where the chairman of the meeting is located.

## **36. MINUTES**

- 36.1 The Directors shall cause minutes to be made in books kept for the purpose:
- (a) of all appointments of officers made by the Directors; and

(b) of all proceedings at meetings of the Company, of the holders of any class of shares in the capital of the Company, and of the Board, and of committees of the Board, including the names of the Directors present at each such meeting.

36.2 Any such minutes, if purporting to be signed by the chairman of the meeting to which they relate or of the meeting at which they are read, shall be sufficient evidence without any further proof of the facts therein stated.

### **37. SECRETARY**

Subject to the provisions of the Companies Act, the secretary shall be appointed by the Board for such term, at such remuneration and on such other conditions as they think fit. Any secretary so appointed may be removed by the Board but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

### **38. THE SEAL**

38.1 The seal shall be used only by the authority of a resolution of the Board or of a committee of the Board. The Board may determine whether any instrument to which the seal is affixed, shall be signed and, if it is to be signed, who shall sign it. Unless otherwise determined by the Board:

(a) share certificates and, subject to the provisions of any instrument constituting the same, certificates issued under the seal in respect of any debentures or other securities, need not be signed and any signature may be applied to any such certificate by any mechanical, electronic or other means or may be printed on it; and

(b) every other instrument to which the seal is affixed shall be signed by two authorised persons or by a Director in the presence of a witness who attests the signature and for this purpose an authorised person is any Director or the secretary of the Company.

38.2 Any document may be executed under the seal by impressing the seal by mechanical means or by printing the seal or a facsimile of it on the document or by applying the seal or a facsimile of it by any other means to the document. A document executed, with the authority of a resolution of the Board, in any manner permitted by section 44(2) of the Companies Act and expressed (in whatever form of words) to be executed by the Company has the same effect as if executed under the seal.

38.3 Subject to the provisions of the Companies Act, the Company may have an official seal for use in any place.

### **39. REGISTERS**

39.1 Subject to the provisions of the Companies Act, the Company may keep an overseas or local register in any place, and the Board may make, amend and revoke any regulations it thinks fit about the keeping of that register.

39.2 Any Director or the secretary or any other person appointed by the Board for the purpose shall have power to authenticate and certify as true copies of and extracts from:

(a) any document comprising or affecting the constitution of the Company, whether in hard copy form or electronic form;

(b) any resolution passed by the Company, the holders of any class of shares in the capital of the Company, the Board or any committee of the Board, whether in hard copy form or electronic form; and

- (c) any book, record and document relating to the business of the Company, whether in hard copy form or electronic form (including without limitation the accounts).

If certified in this way, a document purporting to be a copy of a resolution, or the minutes or an extract from the minutes of a meeting of the Company, the holders of any class of shares in the capital of the Company, the Board or a committee of the Board, whether in hard copy form or electronic form, shall be conclusive evidence in favour of all Persons dealing with the Company in reliance on it or them that the resolution was duly passed or that the minutes are, or the extract from the minutes is, a true and accurate record of any proceedings at a duly constituted meeting.

#### **40. DIVIDENDS**

- 40.1 The rights as regarding income attaching to the Ordinary Shares shall be as set out in this Article 40.
- 40.2 Subject to the provisions of the Companies Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors.
- 40.3 Subject to the provisions of the Companies Act and to Article 40.7, the Board may pay interim dividends, whether or not satisfied wholly or partly by the distribution of assets including without limitation paid up shares or debentures of another body corporate, of such amounts and on such dates and in respect of such periods as they may think fit if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the Board may:
- (a) pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if at the time of payment, any preferential dividend is in arrears; and
  - (b) pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment;

If the Board acts in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights. Where any distribution is satisfied wholly or partly by the distribution of assets, where any difficulty arises in regard to such distribution, the Directors may settle the same as they think fit and in particular (but without limitation) may issue fractional certificates (or ignore fractions) and fix the value for distribution of any assets, and may determine that cash shall be paid to any member on the basis of the value so fixed in order to adjust the rights of members, and may vest any assets in trustees.

- 40.4 Dividends may be declared and paid in any currency or currencies that the Board shall determine. The Board may also determine the exchange rate and the relevant date for determining the value of any dividend in any currency.
- 40.5 Subject to the provisions of the Companies Act and except as otherwise provided by these Articles or the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. If any share is issued on terms that it ranks for dividend as from a particular date, it shall rank for dividend accordingly. In any other case (and except as aforesaid), dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purpose of this Article 40.5, an

amount paid up on a share in advance of a call shall be treated, in relation to any dividend declared after the payment but before the call, as not paid up on the share.

- 40.6 Subject to Article 40.7, a general meeting declaring a dividend may, upon the recommendation of the Board, by ordinary resolution direct that it shall be satisfied wholly or partly by the distribution of assets including without limitation paid up shares or debentures of another body corporate.
- 40.7 Unless otherwise approved by the vote by two-thirds of the Board and approved by an ordinary resolution of the Company, where the securities of another body corporate are distributed, they must only be distributed to holders of Ordinary Shares on the basis that the holders of Ordinary Shares receive the identical class of securities of that other body corporate on an equal per share basis.
- 40.8 Any dividend or other money payable in respect of a share may be paid:
- (a) in cash;
  - (b) by cheque or warrant made payable to or to the order of the holder or Person entitled to payment;
  - (c) by direct debit, bank or other funds transfer system to the holder or Person entitled to payment or, if practicable, to a Person designated by notice to the Company by the holder or Person entitled to payment; or
  - (d) by any other method approved by the Board and agreed (in such form as the Company thinks appropriate) by the holder or Person entitled to payment.
- 40.9 If two or more Persons are registered as joint holders of any share, or are entitled by transmission jointly to a share, the Company may:
- (a) pay any dividend or other moneys payable in respect of the share to any one of them and any one of them may give effectual receipt for the payment; and
  - (b) for the purpose of Article 40.8, rely in relation to the share on the written direction, designation or agreement of, or notice to the Company by, any one of them.
- 40.10 A cheque or warrant may be sent by post:
- (a) where a share is held by a sole holder, to the registered address of the holder of the share;
  - (b) if two or more Persons are the holders of the share, to the registered address of the Person who is first named in the register of members;
  - (c) if two or more Persons are holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder or otherwise by operation of Law, as if it were a notice to be sent under Article 47.12; or
  - (d) in any case to such Person and to such address as the Person entitled to payment may direct by notice to the Company.
- 40.11 Every cheque or warrant shall be made payable to the order of or to the Person or Persons entitled or to such other Person as the Person or Persons entitled may by notice direct and payment of the cheque or warrant shall be a good discharge to the Company. Every cheque or warrant sent or transfer of funds made by the relevant bank or system in accordance with these Articles shall be at the risk of the holder or Person entitled. The Company shall have no

responsibility for any sums lost or delayed in the course of payment by any method used by the Company in accordance with Article 40.8.

- 40.12 The Company may cease to send any cheque or warrant (or to use any other method of payment) for any dividend payable in respect of a share if:
- (a) in respect of at least two consecutive dividends payable on that share the cheque or warrant has been returned undelivered or remains uncashed (or that other method of payment has failed); or
  - (b) following one such occasion, reasonable enquiries have failed to establish any new address of the holder;

but, subject to the provisions of these Articles, shall recommence sending cheques or warrants (or using another method of payment) for dividends payable on that share if the Person or Persons entitled so request and have supplied in writing a new address or account to be used for that purpose.

- 40.13 The Board may deduct from any dividend or other moneys payable to any member in respect of a share any moneys presently payable by him to the Company in respect of that share. Where a Person is entitled by transmission to a share, the Board may retain any dividend payable in respect of that share until that Person (or that Person's transferee) becomes the holder of that share.
- 40.14 No dividend or other money payable in respect of a share shall bear interest against the Company, unless otherwise provided by the rights attached to the share.
- 40.15 Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend or other money payable in respect of a share may (but need not) be paid by the Company into an account separate from the Company's own account. Such payment shall not constitute the Company a trustee in respect of it.
- 40.16 All amounts payable by the Company pursuant to these Articles, including dividends, shall be paid without any withholding or deduction, save as may be required by applicable Law.

#### **41. SCRIP DIVIDENDS**

- 41.1 The Board may offer any holder of shares the right to elect to receive shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Board) of all or any dividend subject to the following terms and conditions:
- (a) Each holder of shares shall be entitled to that number of new shares as are together as nearly as possible equal in value to (but not greater than) the cash amount (disregarding any tax credit) of the dividend that such holder would have received by way of dividend but elects to forego (each a new share). For this purpose, the value of each new share shall be:
    - (i) equal to the average quotation for the relevant shares in the capital of the Company, that is, the average of the closing prices for those shares on the Exchange as derived from such source as the Board may deem appropriate, on the day on which such shares are first quoted ex the relevant dividend and the four subsequent business days; or
    - (ii) calculated in any other manner the Board considers fit;

but shall never be less than the par value of the new share. A certificate or report by the auditors as to the value of a new share in respect of any dividend shall be conclusive evidence of that value.

- (b) Each holder of shares shall only be entitled to new Ordinary Shares.
- (c) On or as soon as possible after announcing that any dividend is to be declared or recommended, the Board, if it intends to offer an election in respect of that dividend, shall also announce that intention. If, after determining the basis of allotment, the Board decides to proceed with the offer, it shall notify the holders of shares of the terms and conditions of the right of election offered to them, specifying the procedure to be followed and place at which, and the latest time by which, elections or notices amending or terminating existing elections must be delivered in order to be effective.
- (d) The Board shall not proceed with any election unless the Board has sufficient authority to allot shares and sufficient reserves or funds that may be appropriated to give effect to it after the basis of allotment is determined.
- (e) The Board may exclude from any offer any holders of shares where the Board believes the making of the offer to them would or might involve the contravention of the Laws of any territory or that for any other reason the offer should not be made to them.
- (f) The dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable in cash on shares in respect of which an election has been made (the “**elected ordinary shares**”) and instead such number of new shares shall be allotted to each holder of elected ordinary shares as is arrived at on the basis stated in paragraph (a) of this Article 41.1. For that purpose the Board shall appropriate out of any amount for the time being standing to the credit of any reserve or fund (including without limitation the profit and loss account), whether or not it is available for distribution, a sum equal to the aggregate nominal amount of the new shares to be allotted and apply it in paying up in full the appropriate number of new shares for allotment and distribution to each holder of elected shares as is arrived at on the basis stated in paragraph (a) of this Article 41.1.
- (g) The new shares when allotted shall rank *pari passu* in all respects with the fully paid shares of the same class then in issue except that they shall not be entitled to participate in the relevant dividend in lieu of which they were allotted.
- (h) No fraction of a share shall be allotted. The Board may make such provisions as it thinks fit for any fractional entitlements including without limitation payment in cash to holders in respect of their fractional entitlements, provision for the accrual, retention or accumulation of all or part of the benefit of fractional entitlements to or by the Company or to or by or on behalf of any holder or the application of any accrual, retention or accumulation to the allotment of fully paid shares to any holder.
- (i) The Board may do all acts and things it considers necessary or expedient to give effect to the allotment and issue of any share pursuant to this Article 41.1 or otherwise in connection with any offer made pursuant to this Article 41.1 and may authorise any Person, acting on behalf of the holders concerned, to enter into an agreement with the Company providing for such allotment or issue and incidental matters Any agreement made under such authority shall be effective and binding on all concerned.
- (j) The Board may, at its discretion, amend, suspend or terminate any offer pursuant to the above.



## 42. CAPITALISATION OF PROFITS

42.1 The Board may, subject to the provisions of this Article 42.1, Article 42.2 and Article 42.3 inclusive, resolve to capitalise any undistributed profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or fund of the Company (including without limitation the Company's share premium account and capital redemption reserve, if any) and:

- (a) appropriate the sum resolved to be capitalised to the members or any class of members on the record date specified in the relevant resolution who would have been entitled to it if it were distributed by way of dividend and in proportion to the nominal amounts of the shares (whether or not fully paid) held by them respectively which would entitle them to participate in a distribution of that sum if the shares were fully paid and the sum were then distributable and were distributed by way of dividend;
- (b) apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full shares, debentures or other obligations of the Company of a nominal amount equal to that sum but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this Article 42.1, only be applied in paying up shares to be allotted to members credited as fully paid;
- (c) allot the shares, debentures or other obligations credited as fully paid to those members or as they may direct, in those proportions, or partly in one way and partly in the other;
- (d) resolve that any shares so allotted to any member in respect of a holding by him of any partly paid shares shall so long as such shares remain partly paid rank for dividend only to the extent that the latter shares rank for dividend;
- (e) where shares or debentures become, or would otherwise become, distributable under this Article 42.1 in fractions, make such provision as the Board thinks fit for any fractional entitlements including without limitation authorising their sale and transfer to any Person, resolving that the distribution be made as nearly as practicable in the correct proportion but not exactly so, ignoring fractions altogether or resolving that cash payments be made to any members in order to adjust the rights of all parties;
- (f) authorise any Person to enter on behalf of all the members concerned into an agreement with the Company providing for either:
  - (i) the allotment to members respectively, credited as fully paid, of any further shares, debentures or other obligations to which they are entitled upon such capitalisation; or
  - (ii) the payment up by the Company on behalf of the members of the amounts, or any part of the amounts, remaining unpaid on their existing shares by the application of their respective proportions of the sums resolved to be capitalised,

and any agreement made under such authority being binding on all such members, and

- (g) generally do all acts and things required to give effect to such resolution as aforesaid.

42.2 In exercising its authority under Article 42.1, unless approved by the vote of two-thirds of the Board and approved by an ordinary resolution of the Company, the Board may only resolve to capitalise any undistributed profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or fund of the Company (including without limitation the Company's share premium account and capital redemption reserve, if any) and to issue and allot Ordinary Shares, as otherwise contemplated by Article 42.1, to holders of Ordinary Shares on an equal per share basis.

42.3

(a) Where, pursuant to an employees' share scheme (within the meaning of section 1166 of the Companies Act) the Company has granted awards ("awards" being options or other incentive awards, including, without limitation, stock appreciation rights, restricted stock units, performance stock units and restricted stock awards) to subscribe for or with respect to shares on terms which provide (inter alia) for adjustments to the subscription, exercise or base price payable on the exercise of such award or to the number of shares to be allotted upon the exercise, or with respect to, such award, in the event of any increase or reduction in, or other reorganisation of, the Company's issued share capital and an otherwise appropriate adjustment would result in the subscription, exercise or base price for any share being less than its nominal value, then, subject to the provisions of the Companies Act, the Directors may, on the exercise of any of the awards concerned and payment of the subscription, exercise or base price which would have applied had such adjustment been made, capitalise any such profits or other sum as is mentioned in Article 42.1 above (as if such Article 42.1 did not make reference to Article 42.2) to the extent necessary to pay up the unpaid balance of the nominal value of the shares which fall to be allotted on the exercise of such awards and apply such amount in paying up such balance and allot shares fully paid accordingly. The provisions of Article 42.1 shall apply mutatis mutandis to this Article 42.3 as if Article 42.1 did not make reference to Article 42.2.

(b) Where, pursuant to an employees' share scheme (within the meaning of section 1166 of the Companies Act) the Company has granted awards ("awards" being options or other incentive awards, including, without limitation, stock appreciation rights, restricted stock units, performance stock units and restricted stock awards) to subscribe for or with respect to shares, then, subject to the provisions of the Companies Act, the Directors may, on the grant, exercise or vesting of any of the awards concerned, capitalise any such profits or other sum as is mentioned in Article 42.1 above (as if such Article 42.1 did not make reference to Article 42.2) to the extent necessary to pay up the unpaid balance of the nominal value of the shares which fall to be allotted on the grant, exercise or vesting of such awards and apply such amount in paying up such balance and allot shares fully paid accordingly. The provisions of Article 42.1 shall apply mutatis mutandis to this paragraph (b) as if Article 42.1 did not make reference to Article 42.2.

#### **43. RETURN OF CAPITAL**

43.1 The rights as regards return of capital attaching to the Ordinary Shares shall be as set out in this Article.

43.2 On a return of capital on a liquidation, reduction of capital or otherwise, the surplus assets of the Company available for distribution among the members shall be applied in the same order of priority as applies in respect of dividends and distributions set out in Article 40 (or as close thereto as is possible).

#### **44. CHANGE OF THE COMPANY'S NAME**

The Company's name may be changed by resolution approved by the vote of a majority of the Board.

#### **45. RECORD DATES**

45.1 Notwithstanding any other provision of these Articles, and subject to the Companies Act, but without prejudice to any special rights attached to any shares, the Company or the Directors may:

- (a) fix any date as the record date for any dividend, distribution, allotment or issue, which shall not be more than 60 days prior to such action;
- (b) for the purpose of determining which Persons are entitled to attend and vote at a general meeting of the Company, or a separate general meeting of the holders of any class of shares in the capital of the Company, and how many votes such Persons may cast, specify in the notice of meeting a time by which a Person must be entered on the register in order to have the right to attend or vote at the meeting provided that such time shall not be more than 60 days nor less than 10 days before the date of such meeting and changes to the register after the time specified by virtue of this Article 45.1 shall be disregarded in determining the rights of any Person to attend or vote at the meeting; and
- (c) for the purposes of sending notices to any one or more members (including, without limitation, notices of general meetings, or separate general meetings of the holders of any class of shares in the capital of the Company), give such notices by reference to the register of members as it stands at the close of business on a day determined by the Company or the Board, which day may not be more than 60 days before the day that such notices are sent.

45.2 In the case of determination of members entitled to vote at any general meeting or adjournment thereof, or a separate general meeting of the holders of any class of shares in the capital of the Company, the record date shall, unless otherwise required by the Companies Act, not be more than 60 days nor less than 10 days before the date of such meeting.

45.3 In the case of any other lawful action, and save as otherwise provided by these Articles, the record date shall not be more than 60 days prior to such other action.

#### **46. ACCOUNTS**

46.1 No member (as such, other than a Director) shall have any right to inspect any accounting record or other document of the Company, unless he is authorised to do so by statute, by order of the court, by the Board or by ordinary resolution of the Company.

46.2 Subject to the Companies Act, a copy of the Company's annual accounts and reports for that financial year shall, at least 21 clear days before the date of the meeting at which copies of those documents are to be laid in accordance with the provisions of the Companies Act, be sent to every member and to every holder of the Company's debentures, and to every Person who is entitled to receive notice of meetings from the Company under the provisions of the Companies Act or of these Articles or, in the case of joint holders of any share or debenture, to one of the joint holders. A copy need not be sent to a Person for whom the Company does not have a current address.

46.3 Subject to the Companies Act, the requirements of Article 46.2 shall be deemed satisfied in relation to any Person by sending to the Person, instead of such copies, a summary financial

statement derived from the Company's annual accounts and directors' report, which shall be in the form and containing the information prescribed by the Companies Act and any regulations made under the Companies Act.

#### 47. NOTICES AND OTHER COMMUNICATIONS

47.1 Any notice to be given to or by any Person pursuant to these Articles shall be in writing other than a notice calling a meeting of the Directors which need not be in writing.

47.2 Any notice, document or information may (without prejudice to Articles 47.9 and 47.10) be given, sent or supplied by the Company to any member either:

- (a) personally;
- (b) by sending it by post in a prepaid envelope addressed to the member at his registered address or postal address given to the Company for that purpose, or by leaving it at that address;
- (c) subject to Article 47.3, by sending it in electronic form to a Person who has agreed (generally or specifically) that the notice, document or information may be sent or supplied in that form (and has not revoked that agreement); or
- (d) subject to the provisions of the Companies Act, by making it available on a website, provided that the requirements in (i) to (iv) below are satisfied.

The requirements referred to in paragraph (d) are that:

- (i) the member has agreed (generally or specifically) that the notice, document or information may be sent or supplied to him by being made available on a website (and has not revoked that agreement), or the member has been asked by the Company to agree that the Company may send or supply notices, documents and information generally, or the notice, document or information in question, to him by making it available on a website and the Company has not received a response within the period of 28 days beginning on the date on which the Company's request was sent and the member is therefore taken to have so agreed (and has not revoked that agreement);
- (ii) the member is sent a notification of the presence of the notice, document or information on a website, the address of that website, the place on that website where it may be accessed, and how it may be accessed (**notification of availability**); and
- (iii) in the case of a notice of meeting, the notification of availability states that it concerns a notice of a Company meeting, specifies the place, time and date of the meeting, and states whether it will be an annual general meeting, and
- (iv) the notice, document or information continues to be published on that website, in the case of a notice of meeting, throughout the period beginning with the date of the notification of availability and ending with the conclusion of the meeting and in all other cases throughout the period specified by any applicable provision of the Companies Act, or, if no such period is specified, throughout the period of 28 days beginning with the date on which the notification of availability is sent to the member, save that if the notice, document or information is made available for part only of that period then failure to make it available throughout that period shall be disregarded where

such failure is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid.

- 47.3 The Board may from time to time issue, endorse or adopt terms and conditions relating to the use of electronic means for the sending of notices, other documents and proxy appointments by the Company to members or Persons entitled by transmission and by members or Persons entitled by transmission to the Company.
- 47.4 In the case of joint holders of a share:
- (a) it shall be sufficient for all notices, documents and other information to be given, sent or supplied to the joint holder whose name stands first in the register of members in respect of the joint holding (first named **holder**) only and any notice, document or other information so sent shall be deemed for all purposes sent to all the joint holders; and
  - (b) the agreement of the first named holder that notices, documents and information may be given, sent or supplied in electronic form or by being made available on a website shall be binding on all the joint holders.
- 47.5 The Company may at any time and at its sole discretion choose to give, send or supply notices, documents and information only in hard copy form to some or all members.
- 47.6 For the avoidance of doubt, the provisions of Articles 47.1 to 47.5 are subject to Article 17.5.
- 47.7 A member present either in person or by proxy, or in the case of a corporate member by a duly authorised representative, at any meeting of the Company or of the holders of any class of shares shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
- 47.8 Every Person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been given to the Person from whom he derives his title, but this Article 47.8 does not apply to a notice given under section 793 of the Companies Act.
- 47.9 Subject to the Companies Act, where by reason of the suspension or curtailment of postal services, the Company is unable effectively to give notice of a general meeting, the general meeting may be convened by public announcement. The Company shall send a copy of the notice to members in the same manner as it sends notices under Articles 47.1 to 47.5 inclusive if at least seven clear days before the meeting the posting of notices again becomes practicable.
- 47.10 Subject to the Companies Act, any notice, document or information to be given, sent or supplied by the Company to the members or any of them, not being a notice to which Article 47.9 applies, shall be sufficiently given, sent or supplied if given by public announcement.
- 47.11 Any notice, document or information given, sent or supplied by the Company to the members or any of them:
- (a) by hand shall be deemed to have been received by the member when it is handed to the member or left at his registered address;
  - (b) by post, shall be deemed to have been received 24 hours after the time at which the envelope containing the notice, document or information was posted unless it was sent by second class post or there is only one class of post, or it was sent by air mail to

an address outside the United Kingdom, in which case it shall be deemed to have been received 48 hours after it was posted Proof that the envelope was properly addressed, prepaid and posted shall be conclusive evidence that the notice, document or information was sent or supplied;

- (c) by advertisement, shall be deemed to have been received on the day on which the advertisement appears;
- (d) by electronic means, shall be deemed to have been received by the member on the day following that on which it was sent or supplied Proof that a notice, document or information in electronic form was addressed to the electronic address provided by the member for the purpose of receiving communications from the Company shall be conclusive evidence that the notice, document or information was sent or supplied and such notice, document or information shall be deemed received by the member at that time notwithstanding that the Company becomes aware that the member has failed to receive the relevant notice, document or information for any reason and notwithstanding that the Company subsequently sends or supplies a hard copy of such document or information by post to the member;
- (e) by making it available on a website, shall be deemed to have been received on the date on which the notice, document or information was first made available on the website or, if later, when the member is deemed to have been received notification of the fact that the notice, document or information was available on the website in accordance with this Article 47.11 and such notice, document or information shall be deemed received by the member on that day notwithstanding that the Company becomes aware that the member has failed to receive the relevant document or information for any reason and notwithstanding that the Company subsequently sends a hard copy of such notice, document or information by post to the member, or
- (f) by means of a Depositary, shall be deemed to have been received 24 hours after the Company, or Person acting on the Company's behalf, gives the notice, document or information to the Depositary.

47.12 Any notice, document or information may be given, sent or supplied by the Company to the Person entitled to a share in consequence of the death or bankruptcy of a member or otherwise by operation of Law by sending or delivering it in any manner that the Company may choose authorised by these Articles for the sending of notice, document or information to a member addressed to that Person by name, or by the title of representative of the deceased or trustee of the bankrupt or by any similar description, at the address, if any, as may be supplied for that purpose by the Person claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy or other event giving rise to the transmission had not occurred.

47.13 If on three consecutive occasions, or on one occasion and reasonable enquiries have failed to establish the member's address, notices, documents or information sent or supplied to a member by post have been returned undelivered, the member shall not be entitled to receive any subsequent notice, document or information until he has supplied to the Company (or its agent) a new registered address or a postal address, or shall have informed the Company, in such a manner as may be specified by the Company, of an electronic address. For the purposes of this Article 47.13, references to notices, documents or information include references to a cheque or other instrument of payment, but nothing in this Article 47.13 entitles the Company to cease sending any cheque or other instrument of payment for any dividend, unless it is otherwise so entitled under these Articles. Without prejudice to the generality of the foregoing, any notice of a general meeting of the Company which is in fact

sent or purports to be sent to such member shall be ignored for the purpose of determining the validity of the proceedings at such general meeting.

47.14 Where a document is required under these Articles to be signed by a member or any other Person, if the document is in electronic form, then in order to be valid the document must either:

- (a) incorporate the electronic signature, or personal identification details (which may be details previously allocated by the Company), of that member or other Person, in such form as the Directors may approve; or
- (b) be accompanied by such other evidence as the Directors may require in order to be satisfied that the document is genuine.

The Company may designate mechanisms for validating any such document and a document not validated by the user of any such mechanisms shall be deemed as having not been received by the Company. In the case of any document or information relating to a meeting, an instrument of proxy or invitation to appoint a proxy, any validation requirements shall be specified in the relevant notice of meeting in accordance with Article 17.4 and paragraph (b) of Article 23.6.

#### **48. DESTRUCTION OF DOCUMENTS**

48.1 The Company shall be entitled to destroy:

- (a) any instrument of transfer of shares which have been registered, and all other documents on the basis of which any entry is made in the register, at any time after the expiration of six years from the date of registration;
- (b) any dividend mandate, variation or cancellation of dividend mandates, and notification of change of name or address, at any time after two years from the date on which it is recorded;
- (c) any share certificate which has been cancelled at any time after the expiration of one year from the date on which it is cancelled;
- (d) all paid dividend warrants and cheques at any time after the expiration of one year from the date of actual payment;
- (e) all proxy appointments which have been used for the purpose of a poll at any time after the expiration of one year from the date of use;
- (f) all proxy appointments which have not been used for the purpose of a poll at any time after one month from the end of the meeting to which the proxy appointment relates and at which no poll was demanded; and
- (g) any other document on the basis of which an entry in the register of members is made, after six years from the date on which it is made.

Any document referred to in this Article 48.1 may be destroyed earlier than the relevant date authorised, provided that a permanent record of the document is made which is not destroyed before that date.

48.2 It shall be conclusively presumed in favour of the Company that:

- (a) every entry in the register of members purporting to have been made on the basis of an instrument of transfer or other document destroyed in accordance with Article 48.1 was duly and properly made;
- (b) that every instrument of transfer destroyed in accordance with Article 48.1 was a valid and effective instrument duly and properly registered;
- (c) that every share certificate destroyed in accordance with Article 48.1 was a valid and effective certificate duly and properly cancelled; and
- (d) that every other document destroyed in accordance with Article 48.1 was a valid and effective document in accordance with the particulars in the records of the Company.

provided that

- (i) Article 48.1 shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties to it) to which the document might be relevant;
- (ii) nothing in Article 48.1 shall be construed as imposing upon the Company any liability in respect of the destruction of any such document otherwise than in accordance with Article 48.1 which would not attach to the Company in the absence of Article 48.1; and
- (iii) references in Article 48.1 to the destruction of any document include references to the disposal of it in any manner.

#### **49. WINDING UP**

49.1 If the Company commences liquidation, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by Law, subject to the provisions of the Companies Act:

- (a) divide among the members in specie the whole or any part of the assets, whether they shall consist of property of the same kind or not, of the Company and may, for that purpose, value any assets as he deems fair and determine how the division shall be carried out as between the members or different classes of members; and
- (b) vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he may with the like sanction determine;

but no member shall be compelled to accept any assets upon which there is a liability.

49.2 The power of sale of a liquidator shall include a power to sell wholly or partially for shares or debentures or other obligations of another body corporate, either then already constituted or about to be constituted for the purpose of carrying out the sale.

#### **50. INDEMNITY AND INSURANCE**

50.1 Subject to the provisions of the Companies Act and applicable Law, the Company shall exercise all the powers of the Company to:

- (a) indemnify to any extent any person who is or was a Director, or a Director of any associated company, directly or indirectly (including by funding any expenditure incurred or to be incurred by him) against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company or any associated company; and/or



- (b) indemnify to any extent any person who is or was a Director of an associated company that is a trustee of an occupational pension scheme, directly or indirectly (including by funding any expenditure incurred or to be incurred by him) against any liability incurred by him in connection with the Company's activities as trustee of an occupational pension scheme;

including without limitation insurance against any loss or liability or any expenditure he may incur, whether in connection with any proven or alleged act or omission in the actual or purported execution or discharge of his duties or in the exercise or purported exercise of his powers or otherwise in relation to this duties, power or offices, whether comprising negligence, default, breach of duty, breach of trust or otherwise, in relation to the relevant body or fund.

50.2 Subject to the provisions of the Companies Act, the Company may exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of any person who is or was:

- (a) a Director, officer or employee of the Company, or any body corporate which is or was the holding company or subsidiary undertaking of the Company, or in which the Company or such holding company or subsidiary undertaking has or had any interest (whether direct or indirect) or with which the Company or such holding company or subsidiary undertaking is or was in any way allied or associated; or
- (b) a trustee of any pension fund in which employees of the Company or any other body referred to in paragraph (a) of this Article 50.2 are or have been interested;

including without limitation insurance against any loss or liability or any expenditure he may incur, whether in connection with any proven or alleged act or omission in the actual or purported execution or discharge of his duties or in the exercise or purported exercise of his powers or otherwise in relation to this duties, power or offices, whether comprising negligence, default, breach of duty, breach of trust or otherwise, in relation to the relevant body or fund

50.3 No Director of former Director shall be accountable to the Company or the members for any benefit provided pursuant to these Articles. The receipt of any such benefit shall not disqualify any person from being or becoming a Director.

## **51. DISPUTE RESOLUTION**

51.1 The courts of England and Wales shall have exclusive jurisdiction to determine any and all disputes brought by a member in that member's capacity (whether in its own name or in the name of the Company) as such against the Company and/or the Board and/or any of the Directors individually or collectively, arising out of or in connection with these Articles or any non-contractual obligations arising out of or in connection with these Articles.

51.2 The governing Law of these Articles is the Law of England and Wales and these Articles shall be interpreted in accordance with the Laws of England and Wales.

51.3 For the purposes of Article 51.1, Director shall be read so as to include each and any Director of the Company from time to time in his capacity as such or as an employee of the Company and shall include any former Director of the Company.

AMENDED AND RESTATED  
SHAREHOLDER AGREEMENT

BETWEEN

GRUPO VILLAR MIR, S.A.U.

AND

FERROGLOBE PLC

Dated as of November 21, 2017

---

---

---

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	
Certain Definitions	
SECTION 1.01. Defined Terms	1
SECTION 1.02. Other Definitional Provisions	4
ARTICLE II	
Holdco	
SECTION 2.01. Ownership; Shares	4
ARTICLE III	
Management and Operations of Holdco	
SECTION 3.01. Board of Directors	5
SECTION 3.02. Required Delay; Abstention	6
ARTICLE IV	
Preemptive Rights	
SECTION 4.01. Preemptive Rights	6
SECTION 4.02. Exceptions From Preemptive Rights	7
SECTION 4.03. Nonintervention by Holdco	7
SECTION 4.04. Certain Issues of Shares	7
ARTICLE V	
Standstill Provisions	
SECTION 5.01. Standstill	7
SECTION 5.02. Nonintervention by Holdco	8
ARTICLE VI	
Transfers	
SECTION 6.01. Restrictions on Transfers	9
SECTION 6.02. Permitted Transfers	10

ARTICLE VII

Representations and Warranties

SECTION 7.01. Representations and Warranties of Grupo VM	11
SECTION 7.02. Representations and Warranties of Holdco	12

ARTICLE VIII

Miscellaneous

SECTION 8.01. Term and Termination of Agreement	12
SECTION 8.02. Confidentiality Agreement	13
SECTION 8.03. Notices	13
SECTION 8.04. Severability	14
SECTION 8.05. Entire Agreement; Amendments and Waivers	15
SECTION 8.06. Assignment	15
SECTION 8.07. Parties in Interest	15
SECTION 8.08. Mutual Drafting	15
SECTION 8.09. Governing Law; Consent to Jurisdiction	16
SECTION 8.10. Counterparts	16
SECTION 8.11. Delivery by Facsimile or Email	16
SECTION 8.12. Specific Performance	16
SECTION 8.13. Process Agent	16

SCHEDULES

SCHEDULE I	Percentage Interest
------------	---------------------

AMENDED AND RESTATED SHAREHOLDER AGREEMENT (as it may be amended, restated, supplemented or otherwise modified from time to time, this “Agreement”), dated as of [•], 2017, between Grupo Villar Mir, S.A.U., a public limited company (*sociedad anónima*) incorporated under the laws of Spain (“Grupo VM”), and Ferroglobe PLC, a public limited company incorporated under the laws of England (“Holdco”).

WHEREAS, on the Effective Date, Holdco issued Shares to Grupo VM pursuant to the Business Combination Agreement;

WHEREAS the parties hereto originally entered into this Agreement as of December 23, 2015, to govern certain rights, obligations and interests of Grupo VM with respect to Holdco; and

WHEREAS the parties hereto desire to amend and restate this Agreement, as originally executed by the parties as of December 23, 2015, to provide for certain amendments set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

## ARTICLE I

### Certain Definitions

SECTION 1.01. Defined Terms. (a) In this Agreement, the following terms shall have the meanings set forth below:

“Affiliate” shall mean, with respect to any specified Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by or is under common Control with such specified Person. Notwithstanding the foregoing, (i) neither Holdco nor any Person Controlled by Holdco shall be deemed to be an “Affiliate” of Grupo VM or of any Affiliate of Grupo VM and (ii) neither Grupo VM nor any Affiliate thereof shall be deemed to be an “Affiliate” of any other Shareholder or any Affiliate thereof by virtue of its Shares.

“Articles of Association” shall mean the Articles of Association of Holdco, as the same may be amended or supplemented from time to time.

“beneficial owner” shall mean any Person deemed to be the beneficial owner pursuant to Rule 13d-3 under the Exchange Act; provided, however, that, notwithstanding anything in Rule 13d-3(d)(1)(i) to the contrary, the determination of the “beneficial owner” shall be made after giving effect to the conversion of all options, warrants, rights and convertible or other similar securities outstanding as of any date in question. The term “beneficial ownership” shall have a correlative meaning.

“Business Combination Agreement” shall mean the Amended and Restated Business Combination Agreement among GSM, FA, Grupo VM, Holdco and Gordon Merger Sub, Inc., a Delaware corporation, dated as of May 5, 2015, as amended on September 10, 2015, and November 11, 2015.

“Casual Vacancy” shall mean a vacancy on the Board of Directors that arises as a result of: (a) the death, resignation or removal of a director, (b) the failure of a director candidate to be elected or re-elected at any annual general meeting because a majority of the Shares voted at that annual general meeting voted against such director candidate or (c) the Board of Directors deciding not to nominate a director candidate for election or re-election at any annual general meeting when a majority of the Grupo VM Directors have voted, at the relevant meeting of the Board of Directors prior to that annual general meeting, against nominating that director candidate for election or re-election at that annual general meeting.

“Contract” shall mean, as to any Person, any contract, lease, easement, license, instrument or understanding to which the applicable Person is a party.

“Control” shall mean, as to any Person, the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of shares or other equity securities or as trustee or executor, by Contract or otherwise. The terms “Controlled” and “Controlling” shall have a correlative meaning.

“Covered Equity Securities” shall mean any equity securities of Holdco or any Holdco Subsidiary.

“Effective Date” shall mean December 23, 2015.

“equity security” shall have the meaning given to such term in Rule 405 under the Securities Act.

“Exchange” shall mean the stock exchange in which Holdco maintains its primary listing, and in all events will be the Nasdaq so long as listed thereon.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“FA” shall mean Grupo FerroAtlántica, S.A.U., a Spanish public limited liability company in the form of a *sociedad anónima*.

“Governmental Authority” shall mean any national, federal, state, county, municipal, local or foreign government, or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory, taxing or administrative functions of or pertaining to government, and any arbitrator or arbitral body or panel of competent jurisdiction.

“Grupo VM Director” shall mean (a) initially, Javier López Madrid, Manuel Garrido y Ruano and Juan Villar-Mir de Fuentes and (b) thereafter, any Grupo VM Nominee elected or appointed to the Board of Directors in accordance with the Articles of Association and this Agreement.

“GSM” shall mean Globe Specialty Metals, Inc., a Delaware corporation.

“Holdco Equity Securities” shall mean the Shares and any other equity securities of Holdco.

“Holdco Subsidiary” shall mean any direct or indirect Subsidiary of Holdco.

“Law” shall mean any federal, state, provincial, municipal, local or foreign law, statute, code, ordinance, rule, regulation, circular, order, judgment, writ, stipulation, award, injunction, decree or arbitration award or finding.

“Maximum Number” shall mean (a) three, if Grupo VM’s Percentage Interest is greater than 25%, (b) two, if Grupo VM’s Percentage Interest is greater than 15% but not greater than 25% and (c) one, if Grupo VM’s Percentage Interest is greater than 10% but not greater than 15%.

“Percentage Interest” shall mean, with respect to any Shareholder, the percentage of the total issued and outstanding Shares of Holdco owned by that Shareholder.

“Permitted Maximum Percentage” shall mean the Percentage Interest of Grupo VM and its Affiliates as of the Effective Date.

“Person” shall mean any individual, corporation, limited company, limited liability company, partnership, association, trust, unincorporated organization, Governmental Authority, other entity or group (as defined in Section 13(d) of the Exchange Act).

“Registration Rights Agreement” shall mean the Registration Rights Agreement among Grupo VM, Holdco and Alan Kestenbaum, dated as of December 23, 2015.

“SEC” shall mean the United States Securities and Exchange Commission.

“Securities Act” shall mean the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Shareholders” shall mean the shareholders of Holdco.

“Shares” shall mean Ordinary Shares (as defined in the Articles of Association).

“Subsidiary” shall mean, with respect to any Person, any corporation, partnership, joint venture or other legal entity of which such Person (either alone or through or together with any other Subsidiary), owns, directly or indirectly, a majority of the stock or other equity interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such corporation, partnership, joint venture or other legal entity, or any Person that would otherwise be deemed a “subsidiary” under Rule 12b-2 promulgated under the Exchange Act.

“Sunset Date” shall mean the first date after the Effective Date on which Grupo VM and its Affiliates in the aggregate beneficially own less than 10% of the issued and outstanding Shares.

(b) Each of the following terms is defined in the Section listed opposite such term:

<b><u>Term</u></b>	<b><u>Defined in</u></b>
“Agreement”	Preamble
“Board of Directors”	Section 3.01(a)
“Grupo VM”	Preamble
“Grupo VM Nominee”	Section 3.01(b)
“Holdco”	Preamble
“Nominations Committee”	Section 3.01(b)
“Notice of Primary Offering”	Section 4.01
“Permitted Transfer”	Section 6.02
“Transfer”	Section 6.01(a)
“Working Hours”	Section 8.03(b)

SECTION 1.02. Other Definitional Provisions. (a) For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include masculine and feminine genders. As used in this Agreement, the words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation.” As used in this Agreement, references to a “party” or the “parties” are intended to refer to a party to this Agreement or the parties to this Agreement. Except as otherwise indicated, all references in this Agreement to “Sections,” “Exhibits” and “Schedules” are intended to refer to Sections of this Agreement and Exhibits and Schedules to this Agreement. Unless otherwise specifically provided for herein, the term “or” shall not be deemed to be exclusive.

(b) Any agreement, instrument, statute or regulation defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument, statute or regulation as from time to time amended, consolidated, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a Person are also to its permitted successors and assigns.

## ARTICLE II

### Holdco

SECTION 2.01. Ownership; Shares. Schedule I sets forth the number of Shares Grupo VM owns and its related Percentage Interest, as of December 31, 2016.



Management and Operations of HoldcoSECTION 3.01. Board of Directors.

(a) As of the date of this Agreement, the board of directors of Holdco (the "Board of Directors") has three Grupo VM Directors.

(b) Prior to the Sunset Date, subject to and in accordance with this Section 3.01, Grupo VM shall have the right to submit the names of one or more director candidates (each such candidate, a "Grupo VM Nominee") to the nominations committee of the Board of Directors, or other committee performing the functions of nominating directors for election to the Board of Directors (the "Nominations Committee"), for consideration to be nominated or appointed as a director. The Nominations Committee shall evaluate the qualifications of each Grupo VM Nominee to serve as a director and, in the event of a favorable evaluation, recommend that the Board of Directors nominate or, in the event of a Casual Vacancy, appoint such Grupo VM Nominee. If the Nominations Committee does not recommend a Grupo VM Nominee for nomination or appointment or the requisite approval of the Board of Directors is not obtained in accordance with the Articles of Association, Grupo VM shall, in good faith and as promptly as possible but in all cases within thirty (30) days, submit the names of one or more additional (but not the same) Grupo VM Nominees for approval in accordance with the foregoing sentence. Grupo VM shall continue to submit the names of additional (but not the same) Grupo VM Nominees in accordance with this Section 3.01(b) until such time as the favorable recommendation of the Nominations Committee and requisite approval of the Board of Directors are obtained. The Board of Directors shall not fill a Casual Vacancy created by the death, resignation, removal or failure to win re-election of a Grupo VM Director other than with a Grupo VM Nominee.

(c) Notwithstanding Section 3.01(b): (i) Grupo VM shall only have the right to submit a Grupo VM Nominee for appointment to fill a Casual Vacancy if the Casual Vacancy was created by the death, resignation, removal or failure to win re-election of a Grupo VM Director; (ii) Grupo VM shall not have the right to submit a Grupo VM Nominee for appointment to fill a Casual Vacancy if the number of Grupo VM Directors equals or exceeds the Maximum Number; and (iii) in connection with any meeting of Shareholders to elect directors, the number of Grupo VM Nominees in the slate of nominees recommended by the Board of Directors shall not exceed the Maximum Number.

(d) At any meeting of Shareholders to elect directors, the number of candidates proposed directly to the Shareholders by Grupo VM and its Affiliates shall not exceed (i) the Maximum Number less (ii) the number of Grupo VM Nominees included in the slate of nominees recommended by the Board of Directors.

(e) Holdco shall, during the term of this Agreement, subject to applicable Law, include any person nominated as a director in accordance with the Articles of Association and this Agreement in the slate of nominees recommended by the Board of Directors to the Shareholders, and included in the related Holdco notice of annual or other general meeting,

voting ballots, proxy notice, or proxy statement (if applicable) and proposed as a resolution at such annual or general meeting, for election to the Board of Directors at any annual or other general meeting of Shareholders at which directors are to be elected.

SECTION 3.02. Required Delay; Abstention.

(a) If a majority of the Grupo VM Directors vote against the nomination of any director candidate at the relevant meeting of the Board of Directors, the Board of Directors shall not nominate such director candidate, or any alternative director candidate, for election to the Board of Directors for a period of fifteen (15) days, during which the Grupo VM Directors and the directors who are “independent” (as defined in the Articles of Association) shall discuss the nomination and seek to resolve any disagreement.

(b) If the Nominations Committee has recommended two successive director candidates for appointment to the Board of Directors to fill the same Casual Vacancy caused by the death, resignation, removal or failure to win re-election of a director (other than a Grupo VM Director or the CEO) and a majority of the Grupo VM Directors have voted against each of those director candidates, the Grupo VM Directors shall abstain from voting in relation to the appointment of any third director candidate who the Nominations Committee may recommend to fill such Casual Vacancy. Any candidate recommended by the Nominations Committee under this Section 3.02(b) shall not be any director candidate (i) whose appointment was previously opposed by a majority of the Grupo VM Directors (unless the Grupo VM Directors have withdrawn their opposition), (ii) who had previously resigned as a director or (iii) who failed to be elected or re-elected at any annual general meeting because a majority of the Shares voted at that annual general meeting voted against such director candidate.

ARTICLE IV

Preemptive Rights

SECTION 4.01. Preemptive Rights. Grupo VM shall have preemptive rights to subscribe for up to its Percentage Interest of any issue of Covered Equity Securities by Holdco or any Holdco Subsidiary for cash or non-cash consideration, in each case on the same terms and at the same price per Covered Equity Security offered to each offeree. Prior to any such issuance of Covered Equity Securities, Holdco shall first deliver written notice to Grupo VM of the proposed primary offering, including the number and terms of the Covered Equity Securities to be sold, the proposed price per Covered Equity Security and other relevant terms of the issue and the proposed closing date for such transaction (“Notice of Primary Offering”). Grupo VM shall have a period of sixty (60) days after delivery of the Notice of Primary Offering to elect to subscribe for a number of Covered Equity Securities, up to a maximum of the Percentage Interest of Grupo VM immediately prior to such issue multiplied by the number of Covered Equity Securities being issued. This right shall be exercised by Grupo VM, if at all, by delivery of written notice to Holdco. A failure to deliver such notice to Holdco shall be deemed an election by Grupo VM not to participate in the offering, but shall not waive Grupo VM’s rights with respect to future offerings. An election by Grupo VM to subscribe shall constitute an agreement to purchase that number of Covered Equity Securities so elected on the terms contained in the Notice of Primary Offering.

SECTION 4.02. Exceptions From Preemptive Rights. The preemptive rights of Grupo VM in Section 4.01 shall not apply to any issue by Holdco of Shares: (a) pursuant to any share split, share dividend or similar corporate action, (b) pursuant to a firm-commitment underwritten public offering of Shares for cash, with the number of Shares issued in any 12-month period pursuant to such offering not to exceed 10% of the Shares issued and outstanding immediately prior to such 12-month period, (c) in connection with the acquisition of any Person or the purchase of the assets or properties of any Person to the extent such Shares are not issued for cash consideration, (d) in connection with the bona fide sale by Holdco or any Holdco Subsidiary of all or substantially all of the equity securities of one or more Holdco Subsidiaries or (e) pursuant to an employee share plan, incentive plan, restricted share plan or other similar benefit plan, program or agreement approved by the Board of Directors.

SECTION 4.03. Nonintervention by Holdco. Holdco shall not, and shall not permit any of its Subsidiaries to, take any action that directly impairs the ability of Grupo VM to exercise its preemptive rights under this Article IV.

SECTION 4.04. Certain Issues of Shares. Holdco shall not issue any Shares in connection with the acquisition of any Person or the purchase of the assets or properties of any Person if the aggregate number of Shares to be issued in any single acquisition or purchase would exceed 20% of the issued and outstanding Shares immediately prior to such issue, without the prior approval of the holders of the Shares by ordinary resolution.

## ARTICLE V

### Standstill Provisions

#### SECTION 5.01. Standstill.

(a) Prior to the Sunset Date, neither Grupo VM nor any Affiliate of Grupo VM shall: (i) effect, agree, seek or make any proposal or offer with respect to, or announce any intention with respect to or cause or participate in or in any way assist, facilitate or encourage any other Person to effect or seek, directly or indirectly, (A) any acquisition of any Holdco Equity Securities (or beneficial ownership thereof), or any assets, indebtedness or businesses of Holdco or any Holdco Subsidiary, (B) any tender or exchange offer, merger or other business combination involving Holdco or any Holdco Subsidiary or assets of Holdco or any Holdco Subsidiary constituting a significant portion of the consolidated assets of Holdco and the Holdco Subsidiaries, (C) any recapitalization, restructuring, liquidation, dissolution, change of Control or other extraordinary transaction with respect to Holdco or any Holdco Subsidiary, or (D) any "solicitation" of "proxies" (as such terms are used in the proxy rules of the SEC) to vote any equity securities of Holdco; (ii) form, join or in any way participate in a "group" (as defined under the Exchange Act) with respect to Holdco or otherwise act in concert with any Person or group in respect of any equity securities of Holdco; (iii) except in accordance with this Agreement, otherwise act, alone or in concert with others, to seek representation on the Board of Directors; (iv) take any action which would or would reasonably be expected to cause Holdco to make a public announcement under applicable Law regarding any of the types of matters set forth in clause (i) above; (v) enter into any discussions or arrangements with any Person with

respect to any of the foregoing or (vi) request that Holdco amend or waive any provision of this Section 5.01(a).

(b) Section 5.01(a) shall not prohibit: (i) any transaction, discussions or arrangements solely between or among Grupo VM and its Affiliates; (ii) any acquisition pursuant to an equity incentive or similar plan established by the Board of Directors for members of the Board of Directors in their capacities as such; (iii) any acquisition pursuant to or in connection with a share split, share dividend or similar corporate action initiated by Holdco; (iv) any acquisition pursuant to Article IV; (v) any purchase of Shares “regular-way” on the Nasdaq or other recognized securities exchange if immediately subsequent to such purchase, the aggregate Percentage Interests of Grupo VM and its Affiliates does not exceed the Permitted Maximum Percentage as of immediately prior to such purchase; (vi) any transaction previously approved by the Board of Directors in accordance with this Agreement and actions in furtherance thereof; (vii) any action expressly permitted by this Agreement or the Registration Rights Agreement; (viii) Grupo VM or any Grupo VM Director from engaging in non-public discussions with the Board of Directors regarding one or more transactions that would otherwise be prohibited by Section 5.01 so long as such discussions would not reasonably be expected to result in public disclosure by Grupo VM under applicable Law, including requirements of the SEC, and (ix) at any time after the third anniversary of the Effective Date, an acquisition of Shares for cash pursuant to a takeover offer made to all holders of Shares for all Shares if such takeover offer (A) complies with all applicable requirements of the SEC, and (B) has a non-waivable condition that it be accepted by holders of a majority of Shares not held by Grupo VM and its Affiliates.

(c) Section 5.01(a) shall also not prohibit or prevent Grupo VM or any of its Affiliates from acquiring securities of, or from entering into any merger or other business combination with, another Person that owns, beneficially or otherwise, any Holdco Equity Securities; provided, however, that (i) such Person shall not have acquired such Holdco Equity Securities in contemplation of Grupo VM or such Affiliate acquiring the securities of, or entering into any such merger or other business combination with, such Person, (ii) the ownership of such Holdco Equity Securities by such Person shall not be a material reason for Grupo VM or such Affiliate acquiring the securities of, or entering into any such merger or other business combination with, such Person, and (iii) such Person shall not own, beneficially or otherwise, greater than 1% of the Holdco Equity Securities then-outstanding.

(d) If (i) the aggregate Percentage Interest of Grupo VM and its Affiliates falls below 30% (other than as a result of an issuance or offering of Shares by Holdco with respect to which Grupo VM and its Affiliates did not have preemptive rights) and (ii) Grupo VM or any of its Affiliates subsequently purchases any Shares pursuant to Section 5.01(b)(v) and as a result of such purchase the aggregate Percentage Interests of Grupo VM and its Affiliates exceeds 30%, then Grupo VM will make a “mandatory bid” in compliance with Rule 9 of The City Code on Takeovers and Mergers, without regard for whether Rule 9 or such Code is otherwise applicable.

SECTION 5.02. Nonintervention by Holdco. Holdco shall not, and shall not permit any of its Subsidiaries to, take any action that would directly impair the ability of Grupo VM to exercise its rights under Sections 5.01(b) and 5.01(c) or its obligations under Section 5.01(d).

TransfersSECTION 6.01. Restrictions on Transfers.

(a) Grupo VM shall not, directly or indirectly, by operation of Law, Contract or otherwise, (i) offer, transfer, sell, assign, pledge, hypothecate, encumber, gift or otherwise dispose of any beneficial ownership of, or pecuniary interest in, any Covered Equity Securities (whether by sale, merger, consolidation, liquidation, dissolution, dividend, distribution or otherwise), (ii) engage in any hedging, swap, forward contract or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of beneficial ownership of, or pecuniary interest in, any Covered Equity Securities, including any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to the Covered Equity Securities; or (iii) enter into a short sale of, or trade in, derivative securities representing the right to vote or economic benefits of, the Covered Equity Securities (in each case, a "Transfer"), other than in a Permitted Transfer (as defined below).

(b) Any Transfer not expressly permitted herein shall be null and void *ab initio* and of no effect, and Holdco shall not record any such Transfer on its books or treat any purported transferee as the owner of Covered Equity Securities for any purpose.

(c) If and to the extent Grupo VM holds any Shares in certificated form, Grupo VM hereby agrees, as promptly as practicable after the date of this Agreement, to deliver certificates evidencing all of the Covered Equity Securities held by Grupo VM to Holdco, and hereby authorizes and instructs Holdco (including through Holdco's transfer agent or registrar, as applicable), and Holdco agrees, not to register any Transfer of any of the Covered Equity Securities held by Grupo VM, except as expressly permitted by this Agreement and in any event not before any transferee of a Permitted Transfer has entered into a customary binding deed of adherence to this Agreement (if required hereunder), and to legend the certificates evidencing such Covered Equity Securities. Holdco agrees that as promptly as practicable after the date of this Agreement it shall (i) make a notation on its records and give instructions to the transfer agent and registrar for the Covered Equity Securities not to permit, during the term of this Agreement, the Transfer of the Covered Equity Securities held by Grupo VM and (ii) place (or cause the transfer agent and registrar for the Covered Equity Securities to place) the legend described below in its registry of members and on any certificates evidencing any Covered Equity Securities held by Grupo VM. Holdco agrees that, following the termination of this Agreement, Holdco shall cause any restricted transfer instructions imposed pursuant to this Section 6.01(c) to be lifted and any legended certificates delivered pursuant to this Section 6.01(c) to be replaced with certificates not bearing such legend.

Holdco shall note the following legend on its registry of members with respect to the Covered Equity Securities held by Grupo VM in certificated form, and each certificate evidencing Covered Equity Securities shall bear the following legend on the face thereof:

“THE SHARES REPRESENTED BY CERTIFICATE NO. [\_\_\_] ARE SUBJECT TO RESTRICTIONS ON VOTING, TRANSFER AND CERTAIN OTHER LIMITATIONS SET FORTH IN THAT CERTAIN SHAREHOLDER AGREEMENT, DATED AS OF DECEMBER 23, 2015, BETWEEN HOLDCO AND GRUPO VM, COPIES OF WHICH SHAREHOLDER AGREEMENT ARE ON FILE AT THE PRINCIPAL OFFICE OF HOLDCO. THE SHARES REPRESENTED BY CERTIFICATE NO. [\_\_\_] MAY NOT BE VOTED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT IN ACCORDANCE WITH SAID SHAREHOLDER AGREEMENT.”

SECTION 6.02. Permitted Transfers. Each of the following is a “Permitted Transfer”:

- (a) any Transfer to an Affiliate of Grupo VM, so long as such Affiliate, to the extent it has not already done so, executes a customary binding deed of adherence to this Agreement, in form and substance reasonably acceptable to Holdco;
- (b) any Transfer to Holdco or a Subsidiary of Holdco;
- (c) any Transfer pursuant to a widely distributed public offering of Shares for cash;
- (d) any Transfer of Shares effected through a “brokers’ transaction” as defined in Rule 144(g) under the Securities Act;
- (e) any Transfer of Shares pursuant to a privately-negotiated transaction to any purchaser who, along with its Affiliates or any “group” (as defined under the Exchange Act) of which it is a member (to the extent Grupo VM has knowledge of the existence and composition of such group after reasonable inquiry), immediately after the consummation of such Transfer, would have beneficial ownership of less than 10% of outstanding Shares, provided, that after reasonable inquiry, Grupo VM has no reason to believe that such purchaser is, or has the intent to be, a Person who would be required to file a Schedule 13D (or successor form) under the Exchange Act disclosing an intent other than for investment;
- (f) any Transfer of Shares in connection with a public tender or similar takeover offer made to all holders of Shares for all Shares if such public tender or similar takeover offer (i) complies with all applicable requirements of the SEC, the Exchange and other applicable Law, (ii) is made on the same price per Share, with the same form of consideration per Share and otherwise on the same terms and conditions to all holders of Shares (provided, however, that if the holders of Shares are granted the right to elect to receive one of two or more alternative forms of consideration, the foregoing provision shall be deemed satisfied if each holder of Shares is granted identical election rights) and (iii) has a non-waivable condition that it be accepted by holders of a majority of the Shares not held by Grupo VM or its Affiliates;
- (g) any (i) pledge of (x) Covered Equity Securities or (y) depositary receipts issued by any depositary, custodian or nominee in respect of Shares deposited with any depositary, custodian or nominee that holds legal title to the Shares for the purposes of facilitating beneficial ownership of the Shares by Grupo VM, (ii) assignment of such pledge and

(iii) Transfer to the pledgee pursuant to the enforcement of such pledge if, in all such cases, (A) such pledge or assignment, as applicable, is in favor of a bona fide independent financial institution that is not a “state-owned enterprise” (which term shall not include any publicly traded European financial institution in which some but not all of the equity interests therein are owned by a Governmental Authority) and (B) as a condition to pledgee’s ability to take ownership of such Covered Equity Securities, such pledgee or its assignee (as applicable) agrees to comply with the restrictions in this Article VI with respect to such Covered Equity Securities (it being acknowledged and agreed that such pledgee shall inure to the rights of Grupo VM and its Affiliates under the Registration Rights Agreement with respect to such Covered Equity Securities); and

(h) any hedging, swap, forward or other derivative contract with respect to any Covered Equity Securities, provided that (i) at no time shall the aggregate number of Covered Equity Securities underlying such hedging, swap, forward or other derivative arrangements exceed 20% of the aggregate number of the Covered Equity Securities held by Grupo VM and its Affiliates and (ii) Grupo VM shall not lend, or permit or authorizing the lending of, any Covered Equity Security to any Person.

## ARTICLE VII

### Representations and Warranties

SECTION 7.01. Representations and Warranties of Grupo VM. Grupo VM represents and warrants as of the date hereof as follows:

(a) Due Incorporation. It is duly incorporated, registered and validly existing under the laws of the jurisdiction of its incorporation, and has the power and lawful authority to own its assets and properties and to carry on its business as now conducted. It is duly licensed or qualified to do business in each jurisdiction in which it transacts business, except where the failure to be so licensed or qualified would not, individually or in the aggregate, have a material adverse effect on its consolidated financial condition or on its ability to perform its obligations under this Agreement.

(b) Authority to Execute and Perform Agreement. It has the full right, power, authority and approval required to enter into, execute and deliver this Agreement and to perform fully its obligations hereunder. Assuming the due execution and delivery by Holdco, this Agreement constitutes the valid and binding obligations of Grupo VM, enforceable in accordance with its terms, except as (i) such enforceability may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting the enforcement of creditors’ rights generally, and (ii) the availability of remedies may be limited by equitable principles of general applicability.

(c) No Conflicts. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereunder and the performance of this Agreement in accordance with the terms and conditions thereof, will not conflict with or result in the breach or violation of any of the terms or conditions of, or constitute (or with notice or lapse of time or both would constitute) a default under, (i) the certificate of incorporation, by-laws or

other constitutive documents of Grupo VM; (ii) any instrument or Contract to which Grupo VM is a party or by or to which it or its assets or properties are bound or subject; or (iii) any statute or any regulation, order, judgment or decree of any Governmental Authority, except, in each case, for such breaches, violations or defaults that would not, individually or in the aggregate, materially impair the ability of Grupo VM to perform its obligations under this Agreement.

SECTION 7.02. Representations and Warranties of Holdco. Holdco represents and warrants as of the date hereof as follows:

(a) Due Incorporation. It is duly incorporated, registered and validly existing under the laws of England and has the power and lawful authority to own its assets and properties and to carry on its business as now conducted. It is duly licensed or qualified to do business in each jurisdiction in which it transacts business, except where the failure to be so licensed or qualified would not, individually or in the aggregate, have a material adverse effect on its consolidated financial condition or on its ability to perform its obligations under this Agreement.

(b) Authority to Execute and Perform Agreement. It has the full right, power, authority and approval required to enter into, execute and deliver this Agreement and to perform fully its obligations hereunder. Assuming the due execution and delivery by Grupo VM, this Agreement constitutes the valid and binding obligations of Holdco, enforceable in accordance with its terms, except as (i) such enforceability may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting the enforcement of creditors' rights generally, and (ii) the availability of remedies may be limited by equitable principles of general applicability.

(c) No Conflicts. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereunder and the performance of this Agreement in accordance with the terms and conditions thereof, will not conflict with or result in the breach or violation of any of the terms or conditions of, or constitute (or with notice or lapse of time or both would constitute) a default under, (i) the Articles of Association as of the date of this Agreement; (ii) any instrument or Contract to which Holdco is a party or by or to which it or its assets or properties are bound or subject; or (iii) any statute or any regulation, order, judgment or decree of any Governmental Authority, except, in each case, for such breaches, violations or defaults that would not, individually or in the aggregate, materially impair the ability of Holdco to perform its obligations under this Agreement.

## ARTICLE VIII

### Miscellaneous

SECTION 8.01. Term and Termination of Agreement. (a) This Agreement shall continue in full effect until the Sunset Date, and shall terminate immediately thereafter. Except as expressly set out in this Agreement, neither party shall be entitled to rescind or terminate this Agreement in any circumstances whatsoever at any time, and each party waives any rights of rescission or termination it may have.



(b) Upon termination of this Agreement pursuant to Section 8.01(a), each party to this Agreement shall release and discharge the other party from all claims or demands under or in connection with this Agreement, except that (i) this Article VIII shall survive such termination and (ii) nothing herein shall relieve any party from liabilities or damages incurred or suffered as a result of a Willful and Material Breach (as defined in the Business Combination Agreement) by such party of any of its respective representations, warranties, covenants or other agreements set forth in this Agreement.

SECTION 8.02. Confidentiality Agreement. Grupo VM hereby agrees that, notwithstanding any other provision of this Agreement to the contrary, Grupo VM and its Affiliates may be provided confidential information in accordance with and subject to the terms of a Confidentiality Agreement in the form attached hereto as Exhibit A, which such Confidentiality Agreement has been mutually executed and delivered concurrently with the execution and delivery of this Agreement.

SECTION 8.03. Notices. (a) Any notices or other communications required or permitted under, or otherwise given in connection with, this Agreement shall be in writing and shall be given as follows:

If to Holdco, addressed to it at:

Ferroglobe PLC  
2nd Floor West Wing  
Lansdowne House  
57 Berkeley Square  
London W1J 6ER  
United Kingdom  
Tel: +44 20 3129 2420  
Attention: Chief Legal Officer and Corporate Secretary  
Email: nick.deeming@ferroglobe.com

If to Grupo VM, addressed to it at:

Grupo Villar Mir, S.A.U.  
Paseo de la Castellana, 259 D  
28046 Madrid (SPAIN)  
Tel: +34 915 56 73 47  
Fax: +34 915 97 32 23  
Attention: Manuel Garrido  
Email: mgr@gvm.es

(b) Any notice or other communication given under this Agreement or in connection with the matters contemplated herein shall, except where otherwise specifically provided, be in writing in the English language, addressed as provided in Section 8.03(a) and served: (i) by leaving it at the relevant address in which case it shall be deemed to have been given upon delivery to that address; (ii) by fax, in which case it shall be deemed to have been given when despatched subject to confirmation of uninterrupted transmission by a transmission report; or (iii) by e-mail, in which case it shall be deemed to have been given when despatched subject to confirmation of delivery by a delivery receipt, provided that in the case of sub-clauses (ii) and (iii) any notice despatched other than between the hours of 9:30 a.m. to 5:30 p.m. on a business day ("Working Hours") shall be deemed given at the start of the next period of Working Hours.

(c) Any party to this Agreement may notify the other parties of any change to its address or other details specified in Section 8.03(a) provided that such notification shall only be effective on the date specified in such notice or five (5) business days after the notice is given, whichever is later.

SECTION 8.04. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of an arbitral tribunal or court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties hereto agree that the arbitral tribunal or court making such determination shall have the power to limit the term or provision, to delete specific words or phrases, or (to the extent possible) to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement

shall be enforceable as so modified. In the event such arbitral tribunal or court does not exercise the power granted to it in the prior sentence, the parties hereto agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term.

SECTION 8.05. Entire Agreement; Amendments and Waivers. This Agreement constitutes the complete, final and exclusive statement of the agreement among the parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. No amendment, supplement, modification, rescission or waiver of this Agreement shall be binding unless executed in writing by the parties hereto. Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times, and no waiver of any of the provisions of this Agreement shall be deemed or shall constitute a continuing waiver unless otherwise expressly provided. The parties expressly acknowledge that they have not relied upon any prior agreements, understandings, negotiations and discussions, whether oral or written.

SECTION 8.06. Assignment. Grupo VM shall not assign any of its rights under this Agreement, in whole or in part, to any Person, without first obtaining the prior written consent of Holdco, and any assignment in contravention hereof shall be null and void; provided, that Grupo VM may assign this Agreement to an Affiliate in connection with a Permitted Transfer if such Affiliate executes a customary binding deed of adherence to this Agreement, in form and substance reasonably acceptable to Holdco. This Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective permitted successors and assigns.

SECTION 8.07. Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of the parties (and their respective successors and assigns) and any pledgee or its assignee (as applicable) pursuant to a Permitted Transfer, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement or shall be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Agreement.

SECTION 8.08. Mutual Drafting. Each party has participated in the drafting of this Agreement, which each party acknowledges is the result of extensive negotiations between the parties. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision.

SECTION 8.09. Governing Law; Consent to Jurisdiction.

(a) This Agreement and any non-contractual rights or obligations arising out of or in connection with it shall be governed by, and construed in accordance with, the laws of England.

(b) The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any Disputes, and waive any objection to proceedings before such courts on the grounds of venue or on the grounds that such proceedings have been brought in an inappropriate forum.

(c) For the purposes of this Section 8.09, "Dispute" means any dispute, controversy, claim or difference of whatever nature arising out of, relating to, or having any connection with this Agreement, including a dispute regarding the existence, formation, validity, interpretation, performance or termination of this Agreement or the consequences of its nullity and also including any dispute relating to any non-contractual rights or obligations arising out of, relating to, or having any connection with this Agreement.

SECTION 8.10. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

SECTION 8.11. Delivery by Facsimile or Email. This Agreement, and any amendments hereto, waivers hereof or consents hereunder, to the extent signed and delivered by facsimile or by email with scan attachment, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of either party, the other party shall re-execute original forms thereof and deliver them to the requesting party. No party shall raise the use of facsimile or email to deliver a signature or the fact that any signature was transmitted or communicated by facsimile or email with scan attachment as a defense to the formation of a legally binding contract, and each such party forever waives any such defense.

SECTION 8.12. Specific Performance. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent actual or threatened breaches of this Agreement and to enforce specifically the terms and provisions hereof in any courts of England or Wales or any state or foreign jurisdiction having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity. The parties waive, in connection with any action for specific performance or injunctive relief, the defense of adequacy of remedies at law and any requirement under law to post a bond or other security or prove damages as a prerequisite to obtaining equitable relief.

SECTION 8.13. Process Agent. Without prejudice to any other permitted mode of service, the parties agree that service of any claim form, notice or other document for the purpose of or in connection with any action or proceeding in England or Wales arising out of or

in any way relating to this Agreement shall be duly served upon Grupo VM if it is delivered personally or sent by recorded or special delivery post (or any substantially similar form of mail) to FERROATLÁNTICA INTERNATIONAL LIMITED, 125 Old Broad Street, EC2N 1AR London, United Kingdom (marked for the attention of the Secretary of the Company) or such other person and address in England or Wales as such party shall notify all the other parties in writing from time to time, whether or not such claim form, notice or other document is forwarded to the relevant party or received by such party.

*[remainder of page intentionally left blank]*

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its respective officers thereunto duly authorized on the date first above written.

GRUPO VILLAR MIR, S.A.U.,

by

/s/ Manuel Garrido

Name: Manuel Garrido

Title: CFO

FERROGLOBE PLC,

by

/s/ Pedro Larrea Paguaga

Name: Pedro Larrea Paguaga

Title: CEO

[Signature Page to Grupo VM Shareholder Agreement]

---

Shareholders	Number of Shares	Percentage Interest as of December 31, 2016
Grupo VM	94,555,000	55%

---

**Exhibit A**

**Confidentiality Agreement**

[Attached.]

---



November 21, 2017

Grupo Villar Mir, S.A.U.

Paseo de la Castellana, 259 D

28046 Madrid (SPAIN)

Attention: Javier López Madrid

Re: Amended and Restated Confidentiality and Access Rights Agreement

Ladies and Gentlemen:

Following the execution of that certain Shareholder Agreement, originally dated as of December 23, 2015, as amended and restated on November 21, 2017 (the "Agreement"), by and between Grupo Villar Mir, S.A.U., a public limited company (*sociedad anónima*) incorporated under the laws of Spain ("Grupo VM"), and Ferroglobe PLC, a public limited company incorporated under the laws of England ("Holdco"), Grupo VM has been granted the right to submit the names of one or more director candidates to the nominations committee of the board of directors of Holdco (the "Board") for consideration to be nominated or appointed as a director effective November 21, 2017. Holdco understands and agrees that, subject to the terms of, and in accordance with, this letter agreement, each member of the Board may, if and to the extent he or she desires to do so, disclose information each of them obtains while serving as a member of the Board on a strictly confidential basis to you and your Representatives (as hereinafter defined) and may discuss such information with such persons, subject to the terms and conditions of this letter agreement. As a result, you may receive certain non-public information regarding Holdco. You acknowledge that this information is proprietary to Holdco and may include trade secrets or other business information, the unauthorized disclosure of which could harm Holdco. In consideration for, and as a condition of, non-public information being furnished to you (and, subject to the restrictions in paragraph 2 below, your attorneys, advisors, affiliates, directors, officers, members, partners and employees, collectively, "Representatives"), you agree to treat any and all information concerning or relating to Holdco or any of its subsidiaries or affiliates that is furnished to you or your Representatives (regardless of the manner in which it is furnished, including without limitation in written or electronic format or orally, gathered by visual inspection or otherwise) by the Board, or by or on behalf of Holdco, together with any notes, analyses, reports, models, compilations, studies, interpretations, documents or records containing, referring, relating to, based upon or derived from such information, in whole or in part (collectively, "Confidential Information"), in accordance with the provisions of this letter agreement, and to take or abstain from taking the other actions hereinafter set forth.

1. The term "Confidential Information" does not include information that is or was (a) generally available to the public other than as a result of disclosure by you or your Representatives in violation of this Agreement (b) independently acquired by you or your Representatives without violating any of their obligations under this Agreement or under any other contractual, legal, fiduciary or other binding obligation with or to Holdco, (c) available to you or your Representatives on a non-confidential basis other than as a result of its disclosure to you or your Representatives by Holdco or any

---

representative of Holdco, provided that, to your knowledge, the source of such information is not prohibited from transmitting the information to you or your Representatives by a contractual, legal, fiduciary or other binding obligation with or to Holdco or (d) provided to you on a non-confidential basis and in your possession prior to the date hereof.

2. You hereby agree that you and your Representatives will (a) keep the Confidential Information strictly confidential and (b) not disclose any of the Confidential Information in any manner whatsoever without the prior written consent of Holdco; provided, however, that you may disclose any of such information to your Representatives (i) who need to know such information for the sole purpose of advising you in connection with your investment in Holdco and (ii) who are informed by you in advance of the confidential nature of such information and who are subject to confidentiality obligations to you with respect thereto; provided, further, that you will be responsible for any violation of this letter agreement by your Representatives as if they were parties hereto.

3. In the event that you or any of your Representatives are required by applicable subpoena, legal process or other legal requirement to disclose any of the Confidential Information, you will, when possible, promptly notify (except where such notice would be legally prohibited) Holdco in writing and, where practicable, provide reasonable cooperation, at Holdco's expense, so that Holdco may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this letter agreement. If, in the absence of a protective order or other remedy or the receipt of a waiver from Holdco, you or any of your Representatives are nonetheless advised by your legal counsel that you are legally compelled to disclose Confidential Information, you may, without liability hereunder, disclose to such tribunal that portion of the Confidential Information which such counsel advises you is legally required to be disclosed, provided that you notify the recipient of the existence of this letter agreement and your obligations hereunder to maintain the confidentiality of the Confidential Information. In no event will you oppose any action by Holdco to obtain a protective order, motion to quash or other relief to prevent the disclosure of the Confidential Information or to obtain reliable assurance that confidential treatment will be afforded the Confidential Information. It is understood that there shall be no "legal requirement" requiring you to disclose any Confidential Information solely by virtue of the fact that, absent such disclosure, you would be prohibited from purchasing, selling, or engaging in derivative or other transactions with respect to, Holdco's ordinary shares or other securities of Holdco.

4. You acknowledge that (a) Holdco does not make any representation or warranty, express or implied, as to the accuracy or completeness of any Confidential Information, and (b) Holdco shall not have any liability to you or to any of your Representatives relating to or resulting from the use of the Confidential Information or any errors therein or omissions therefrom.

5. All Confidential Information shall remain the property of Holdco. Neither you nor any of your Representatives shall by virtue of any disclosure of and/or your use

---

of any Confidential Information acquire any rights with respect thereto, all of which rights (including all intellectual property rights) shall remain exclusively with Holdco. No licenses or rights under any patent, copyright, trademark, or trade secret are granted or are to be implied by this letter agreement.

6. You acknowledge, and will advise your Representatives, that the Confidential Information may constitute material non-public information under applicable United States federal and state securities laws and that such securities laws prohibit any person who has received material, non-public information concerning Holdco from purchasing or selling securities of Holdco or from communicating such information to any other persons under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities. You further agree that you will not purchase or sell securities of Holdco in violation of applicable United States federal and state securities laws.

7. You hereby represent and warrant to Holdco that this letter agreement has been duly authorized, executed and delivered by you, and is a valid and binding obligation, enforceable against you in accordance with its terms.

8. It is understood and agreed that no failure or delay by you or Holdco in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right, power or privilege hereunder.

9. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent actual or threatened breaches of this Agreement and to enforce specifically the terms and provisions hereof in any courts of England or Wales or any state or foreign jurisdiction having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity. The parties waive, in connection with any action for specific performance or injunctive relief, the defense of adequacy of remedies at law and any requirement under law to post a bond or other security or prove damages as a prerequisite to obtaining equitable relief.

10. At any time upon the written request of Holdco for any reason, you will promptly deliver to Holdco or destroy all Confidential Information (and all copies thereof) furnished to you by or on behalf of Holdco; provided, however, that in the event you destroy such Confidential Information, you shall provide Holdco with a certificate of an officer of Grupo VM certifying such destruction. Notwithstanding the foregoing, you (a) may retain a copy of the Confidential Information in order to comply with applicable law, regulation or professional standards, and (b) to the extent that Confidential Information is retained in standard archival or computer back-up system in the ordinary course of business, such retained Confidential Information shall not be required to be destroyed, provided, that, such retained Confidential Information shall remain subject to

---

the terms of this letter agreement for so long as retained by you. Notwithstanding the return or destruction of Confidential Information, you will continue to be bound by the confidentiality and other obligations set forth in this letter agreement.

11. You and your Representatives will, upon reasonable notice, have reasonable access, during normal business hours, to Holdco employees, properties, books, contracts and records and Holdco will furnish promptly, upon reasonable request, all information that may be reasonably requested concerning its business, properties and personnel for use that is reasonably related to your shareholding in Holdco; provided, however, that Holdco shall not be required to provide access to or disclose information where such information or access would, in the reasonable judgment of Holdco, (a) breach any contract with any third party, (b) constitute a waiver of the attorney-client or other privilege held by Holdco or (c) otherwise violate any applicable law. In the event any of the restrictions in clauses (a) through (c) of the foregoing sentence shall apply, Holdco shall advise you of the subject matter of any such information that cannot be disclosed and shall use its commercially reasonable efforts to make appropriate alternate disclosure arrangements, including adopting additional specific procedures to protect the confidentiality of sensitive material and to ensure compliance with applicable laws.

12. (a) This Agreement and any non-contractual rights or obligations arising out of or in connection with it shall be governed by, and construed in accordance with, the laws of England.

(b) The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any Disputes, and waive any objection to proceedings before such courts on the grounds of venue or on the grounds that such proceedings have been brought in an inappropriate forum.

(c) For the purposes of this letter agreement, "Dispute" means any dispute, controversy, claim or difference of whatever nature arising out of, relating to, or having any connection with this letter agreement, including a dispute regarding the existence, formation, validity, interpretation, performance or termination of this letter agreement or the consequences of its nullity and also including any dispute relating to any noncontractual rights or obligations arising out of, relating to, or having any connection with this letter agreement.

13. This letter agreement contains the entire understanding of the parties with respect to the subject matter hereof and thereof and may be amended only by an agreement in writing executed by the parties hereto.

14. Any notices or other communications required or permitted under, or otherwise given in connection with, this Agreement shall be in writing and shall be given as follows:

If to Holdco, addressed to it at:

---

Ferroglobe PLC  
2nd Floor West Wing  
Lansdowne House  
57 Berkeley Square  
London W1J 6ER  
United Kingdom  
Tel: +44 20 3129 2420  
Attention: Chief Legal Officer and Corporate Secretary  
Email: nick.deeming@ferroglobe.com

If to Grupo VM, addressed to it at:

Grupo Villar Mir, S.A.U.  
Paseo de la Castellana, 259 D  
28046 Madrid (SPAIN)  
Tel: +34 915 56 73 47  
Fax: +34 915 97 32 23  
Attention: Manuel Garrido  
Email: mgr@gvm.es

Any notice or other communication given under this letter agreement or in connection with the matters contemplated herein shall, except where otherwise specifically provided, be in writing in the English language, addressed as provided in this paragraph 13 and served: (a) by leaving it at the relevant address in which case it shall be deemed to have been given upon delivery to that address; (b) by fax, in which case it shall be deemed to have been given when despatched subject to confirmation of uninterrupted transmission by a transmission report; or (c) by e-mail, in which case it shall be deemed to have been given when despatched subject to confirmation of delivery by a delivery receipt, provided that in the case of sub-clauses (b) and (c) any notice despatched other than between the hours of 9:30 a.m. to 5:30 p.m. on a business day ("Working Hours") shall be deemed given at the start of the next period of Working Hours. Any party to this letter agreement may notify the other parties of any change to its address or other details specified in this paragraph 13 provided that such notification shall only be effective on the date specified in such notice or five business days after the notice is given, whichever is later.

15. If at any time subsequent to the date hereof, any provision of this letter agreement shall be held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall have no effect upon the legality or enforceability of any other provision of this letter agreement.

16. This letter agreement may be executed (including by facsimile or PDF) in two or more counterparts which together shall constitute a single agreement.

---

17. This letter agreement and the rights and obligations herein may not be assigned or otherwise transferred, in whole or in part, by you without the express written consent of Holdco.

18. This letter agreement shall expire one year from the date on which no Grupo VM Directors (as defined in the Shareholder Agreement) serve as directors of Holdco.

19. Each of the parties hereto acknowledges that it has been represented by counsel of its choice throughout all negotiations that have preceded the execution of this letter agreement, and that it has executed the same with the advice of said counsel. Each party and its counsel cooperated and participated in the drafting and preparation of this letter agreement and the documents referred to herein, and any and all drafts relating thereto exchanged among the parties shall be deemed the work product of all of the parties and may not be construed against any party by reason of its drafting or preparation. Accordingly, any rule of law or any legal decision that would require interpretation of any ambiguities in this letter agreement against any party that drafted or prepared it is of no application and is hereby expressly waived by each of the parties hereto, and any controversy over interpretations of this letter agreement shall be decided without regards to events of drafting or preparation.

*[Signature Page Follows]*

---

Please confirm your understanding and agreement to this letter agreement by signing and returning a copy of this letter agreement to Holdco.

Ferroglobe PLC  
By: /s/ Pedro Larrea Paguaga  
Name: Pedro Larrea Paguaga  
Title: CEO

Acknowledged and Agreed to  
this 21<sup>st</sup> day of November, 2017  
Grupo Villar Mir, S.A.U.

By: /s/ Manuel Garrido

Name: Manuel Garrido  
Title: CFO

---

AMENDMENT TO THE AMENDED AND RESTATED  
SHAREHOLDER AGREEMENT

This AMENDMENT TO THE AMENDED AND RESTATED SHAREHOLDER AGREEMENT is entered into as of this 23rd day of January 2018 (this "Amendment"), between Grupo Villar Mir, S.A.U., a public limited company (sociedad anónima) incorporated under the laws of Spain ("Grupo VM"), and Ferroglobe PLC, a public limited company incorporated under the laws of England ("Holdco"). Each of Grupo VM and Holdco is sometimes referred to herein as a "Party" or collectively as the "Parties".

RECITALS:

WHEREAS the Parties entered into an Amended and Restated Shareholder Agreement, dated as of November 21, 2017 (the "Shareholder Agreement"); and

WHEREAS the Parties desire to amend the Shareholder Agreement as set forth herein;

NOW, THEREFORE, the Parties agree as follows:

1. Amendment. Section 6.02(c) of the Shareholder Agreement is hereby amended by adding new language to the end thereof, as follows:

*"provided, however, that in the event of a Transfer of Shares by a bona fide pledgee that is entitled to rely on Rule 144 under the Securities Act to publicly offer and sell such Shares without restriction under the Securities Act, such pledgee may rely on this clause (c) to Transfer such Shares with or without a registration statement if (x) such Transfer is for cash and effected on a securities exchange, or (y) such Transfer would be permitted under clause (e) below if the reference therein to "privately-negotiated" was omitted, the reference therein to "10%" was a reference to 15% and the references therein to "Grupo VM" were references to such pledgee, or (z) such Transfer is made with Holdco's consent;"*

2. Effect of Amendment. This Amendment shall not constitute a waiver, amendment or modification of any other provision of the Shareholder Agreement not expressly referred to in Section 1 of this Amendment. Except as specifically modified and amended hereby, the Shareholder Agreement shall remain unchanged and in full force and effect. References to the date of the Shareholder Agreement, and references to the "date hereof", "the date of this Agreement" or words of similar meaning in the Shareholder Agreement shall continue to refer to November 21, 2017.

3. Miscellaneous. The provisions of Sections 8.03 (Notices), 8.05 (Entire Agreement; Amendments and Waivers), 8.06 (Assignment), 8.07 (Parties in Interest), 8.09 (Governing Law; Consent to Jurisdiction), and 8.10 (Counterparts) of the Shareholder Agreement shall apply to this Amendment, *mutatis mutandis*, as though fully set forth herein.

---



IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to be executed by its respective officers thereunto duly authorized on the date first above written.

GRUPO VILLAR MIR, S.A.U.,

by

/s/ Manuel Garrido

Name: Manuel Garrido

Title: CFO

FERROGLOBE PLC,

by

/s/ Pedro Larrea Paguaga

Name: Pedro Larrea Paguaga

Title: CEO

*[Signature Page to the Amendment to the Shareholder Agreement]*

---

21 JUNE 2016

**PEDRO LARREA PAGUAGA**

**FERROGLOBE PLC**

=====

**SERVICE AGREEMENT**

=====

---

# CONTENTS

<b>CLAUSE</b>	<b>PAGE</b>
1. Term and Job Description	1
2. Duties	1
3. Salary	2
4. Bonus and Long-Term Incentive Arrangements	3
5. Taxation	4
6. Expenses	5
7. Pension	5
8. Insurance	5
9. Holiday	6
10. Sickness and Other Incapacity	6
11. Representations and Warranties	6
12. Other Interests	7
13. Share Dealing and Other Codes of Conduct	8
14. Intellectual Property	8
15. Disciplinary and Grievance Procedures	9
16. Termination	9
17. Resignation by the Employee for Good Reason	12
18. Malus and Clawback	13
19. Suspension and Gardening Leave	13
20. Restraint in Activities Of Employee and Confidentiality	14
21. Post-Termination Covenants	15
22. Executive's Position as Director	17
23. Waiver of Rights	17
24. Data Protection	17
25. Email and Internet Use	18
26. Counterparts	18
27. Contracts (Rights of Third Parties) Act 1999	18
28. Definitions	19
29. Miscellaneous	20
SCHEDULE 1	22

---

**THIS AGREEMENT IS MADE ON 21 JUNE 2016**

**BETWEEN**

- (1) **FERROGLOBE PLC**, a company with registered number 09425113, which has its registered office at Legalinx Ltd., One Fetter Lane, London, EC4A 1BR (the **Company**); and
- (2) **Pedro Larrea Paguaga** (the **Employee**);

**IT IS AGREED** as follows:

**1. TERM AND JOB DESCRIPTION**

- 1.1. The Employee shall be employed by the Company as Chief Executive Officer.
- 1.2. The Employment shall begin on the Effective Date. For statutory purposes, there is no previous period of continuous employment.
- 1.3. Subject to clauses 1.4 and 16 below, the Employment will continue until terminated by:
  - (a) the Company giving the Employee 12 months' written notice; or
  - (b) the Employee giving the Company 6 months' written notice.
- 1.4. Notwithstanding clause 1.3(a) above, prior to the third anniversary of the Effective Date, the Company shall be required to give the Employee the following written notice:
  - (a) 24 months' written notice, if notice is given prior to the first anniversary of the Effective Date;
  - (b) 21 months' written notice, if notice is given between the first and second anniversaries of the Effective Date; and
  - (c) 18 months' written notice, if notice is given between the second and third anniversaries of the Effective Date.

**2. DUTIES**

- 2.1. During the Employment., the Employee will:
    - (a) diligently perform all such duties and exercise all such powers as are lawfully and properly assigned to him from time to time by the Board, whether such duties or powers relate to the Company or any other Group Company;
    - (b) comply with all Company rules, regulations, policies and procedures (including the Company's code of business ethics) and those of any applicable Group Company from time to time in force;
-

- (c) comply with all directions lawfully and properly given to him by the Board;
- (d) unless prevented by sickness, injury or other incapacity, devote the whole of his time, attention and abilities during his Working Hours to the business of the Company or any other Group Company for which he is required to perform duties;
- (e) promptly provide the Board with all such information as it may require in connection with the business or affairs of the Company and of any other Group Company for which he is required to perform duties; and
- (f) report to the Company and any applicable Group Company any matters of concern that come to his attention, or of which he is aware, in particular any acts of misconduct, dishonesty, breach of any of the Company or Group policies, including but not limited to the Code of Conduct or breach of any relevant regulatory rules committed, contemplated or discussed by any member of staff, contractor or other third party.

2.2. The Employee's Working Hours shall be such hours as are required in the proper performance of his duties.

2.3. The Employee agrees, in accordance with Regulation 5 of the Working Time Regulations 1998 (the **Regulations**), that the provisions of Regulation 4(1) do not apply to the Employee, and that the Employee shall give the Company three months' notice in writing if he wishes Regulation 4(1) to apply to him.

2.4. The Employee's normal place of work is the Company's headquarters in central London. The Company may from time to time reasonably require the Employee to base himself in other locations. New York City, Miami, other similarly major cities on the East Coast of the United States, Madrid, and Barcelona shall be considered reasonable locations for the purpose of this clause.

2.5. The Employee agrees to travel and work (both within and outside the United Kingdom) as may be required for the proper performance of his duties under the Employment.

### **3. SALARY**

3.1. The Employee's initial Salary is £475,000 (four hundred and seventy-five thousand) (less any required deductions). The Salary will be reviewed annually during the Employment, with the first review to take place in 2017 with any increase effective 1 January 2017 thereafter. No Salary review will be undertaken after notice has been given by either party to terminate the Employment. The Company is under no obligation to increase the Employee's Salary following a Salary review, but will not decrease it.

3.2. The Employee's Salary will accrue on a daily basis, and will be payable in arrears in equal monthly instalments.

3.3. The Employee's Salary will be inclusive of all fees and other remuneration to which he may be or become entitled as an officer of the Company or of any other Group Company.

3.4. The Employee agrees that, pursuant to Part 11 of the Employment Rights Act 1996 the Company has the right to deduct from his Salary and/or bonus any amount owed to the Company or any Group Company by the Employee.

3.5. While the Employee's normal place of work is outside of Spain, the Employee will be entitled to an annual expatriate benefits allowance equivalent to:

- (a) 20% of the Salary per annum, plus, provided the Employee's normal place of work is located in London, an exceptional allowance of a further 20% of the Salary per annum for the first 3 years of the Employment, and
- (b) 20% of Salary per annum thereafter,

provided that any such allowance shall be determined in a manner consistent with the Company's Remuneration Policy.

3.6. The Company shall comply with all administrative requirements, including (subject to that being the correct legal position in relevant jurisdictions) the making of any necessary applications, to ensure that the Employee pays employee's national insurance contributions in the United Kingdom and is not required to pay social security contributions in any other jurisdiction with respect to the Employment.

#### **4. BONUS AND LONG-TERM INCENTIVE ARRANGEMENTS**

4.1. The Company operates a long-term incentive plan, and the Employee is eligible to participate therein. The term of vesting and the conditions of such vesting will be determined by the Company in a manner consistent with the Company's Remuneration Policy and any such award will be governed by the rules of the relevant long-term incentive plan. The 2016 Remuneration Policy establishes a long-term incentive award with a target level of vesting (**Target LTIP**) of 200% of Salary. Any long-term incentive award will be non-pensionable.

4.2. The Employee is eligible for an annual bonus if objectives established by the Compensation Committee are met (**Annual Bonus**) in accordance with the Company's Remuneration Policy. The Compensation Committee will set the target annual bonus opportunity (**Target Annual Bonus**) and the maximum bonus opportunity (**Maximum Annual Bonus**) applicable to an Annual Bonus. Under the 2016 Remuneration Policy, (i) the Target Annual Bonus for the Employee will normally be 100% of Salary; (ii) the Maximum Annual Bonus for the Employee is normally 200% of the Employee's Target Annual Bonus; and (iii) in circumstances where there has been exceptional performance, the Maximum Annual Bonus for the Employee will be up to 500% of Salary. Any bonus payment will be non-pensionable.

4.3. Notwithstanding clauses 4.1 and 4.2, reflecting the special nature of the challenges of integrating two businesses, achieving working capital savings, maximising free cashflow and achieving cost synergies as soon as possible, the Company's Compensation Committee has decided to rebalance for the 2016 incentives. The Target Annual Bonus will therefore be 200% of Salary for 2016, and the Maximum Annual Bonus will be 200% of the Employee's Target Annual Bonus. For 2016, the Employee will be granted a reduced long-term incentive award with a Target LTIP of 100% of Salary.

4.4. In exceptional circumstances, and particularly in 2016 as set out above, the Compensation Committee may decide to change the weighting of the Target Annual Bonus and the long-term incentive plan benefits provided to the Employee. In 2017 and 2018, provided that the market conditions remain similar and subject to the Company's Remuneration Policy, it is the Company's intention (without being legally bound) that there will be no material reduction to the level of the aggregate of Target Annual Bonus and the Target LTIP (based on face value of shares at grant date) granted during each such financial year (**Aggregate Incentive Awards**). Any changes to the level of Aggregate Incentive Awards applicable generally to the Company's Tier I Executives and Tier 2 Executives will not be considered a material reduction for the purpose of this clause.

## 5. TAXATION

5.1. To the extent required by any applicable regulations, the Company shall make all necessary deductions or tax at source in respect of the Employee's employment income and benefits in any applicable jurisdiction, including PAYE income tax and employee's national insurance contributions in the United Kingdom.

5.2. Subject to the Employee providing full, correct and timely information to the Company, the Company shall apply any tax reliefs available to the Employee at source and shall cooperate with the Employee in making such applications to HM Revenue and Customs as may be required to obtain their approval to make adjustments in respect of overseas work day relief pursuant to section 690 of the Income Tax (Earnings and Pensions) Act 2003 or any other reliefs that may become available to the Employee in the future.

5.3. The Employee shall be entitled to direct the amount of payment of the Employee's salary and cash benefits into two separate bank accounts as follows:

- (a) into a UK bank account; and
- (b) into a non-UK bank account with such sum to be paid in the currency (which the Employee may direct) equivalent of the sterling amount, based on the official exchange rate on the date of payment, and the Company will, in its discretion, bear administrative fees associated with such payment,

provided that,

- (i) unless until the Employee makes a direction, the entire earnings shall be paid into a UK bank account, and

(ii) the Company shall be under no obligation to comply with such a direction if the Company considers that the amount to be paid into the non-UK bank account would result in insufficient earnings to pay UK PAYE income tax, is otherwise not in compliance with applicable regulations, or the Compensation Committee by unanimity determines, based on the advice of its external independent advisers, that such payment into the non-UK bank account would materially prejudice the Company.

## **6. EXPENSES**

The Company will reimburse (or procure the reimbursement of) all out-of-pocket expenses properly and reasonably incurred by the Employee in the course of his Employment subject to production of receipts or other appropriate evidence of payment.

## **7. PENSION**

7.1. Subject to clause 7.2 below, the Company will pay the Employee an annual allowance in lieu of a pension contribution on his behalf at a rate of 20% of his Salary from time to time. The allowance will accrue on a daily basis and will be payable in arrears (less any required deductions) in equal monthly instalments with the Employee's Salary.

7.2. The Employee acknowledges that the Company may have an obligation to auto enrol him into a pension scheme and agrees that to the extent such an obligation exists and he does not opt out of the pension scheme, the Company may reduce the amount payable to him pursuant to clause 7.1 above by an amount equal to the contributions it is required to make to the pension scheme.

## **8. INSURANCE**

During the Employment, subject to the Employee's age or health not being such as to prevent cover being obtained without exceptional conditions or unusually high premiums, the Company will:

- (a) pay for the benefit of the Employee, his Spouse and any dependent children (as determined in accordance with the rules of the applicable scheme) subscriptions to the Company's private medical expenses insurance arrangements for the time being in force;
- (b) pay for the benefit of the Employee subscriptions to the Company's permanent health insurance arrangements for the time being in force; and
- (c) pay for the benefit of the Employee subscriptions to the Company's life assurance arrangements for the time being in force.

For the avoidance of doubt, the Employee will be liable for any income tax and employee's national insurance contributions payable in respect of the provision of these benefits.



## **9. HOLIDAY**

9.1. The Employee is entitled to 25 working days' paid holiday per calendar year during his Employment (plus bank and public holidays in England), to be taken at a time or times convenient to, and with prior approval from, the Company. The right to paid holiday will accrue pro-rata during each calendar year of the Employment.

9.2. Subject to clause 9.3 the Employee has no entitlement to be paid in lieu of accrued but untaken holiday.

9.3. On termination of the Employment, the Employee's entitlement to accrued holiday pay shall be calculated on a pro-rata basis (which calculation shall be made on the basis that each day of paid holiday is equivalent to 1/260 of the Employee's Salary). If the Employee has taken more working days' paid holiday than his accrued entitlement, the Company is authorised to deduct the appropriate amount from his final Salary instalment (which deduction shall be made on the basis that each day of paid holiday is equivalent to 1/260 of the Employee's Salary).

## **10. SICKNESS AND OTHER INCAPACITY**

10.1. Subject to the Employee's compliance with the Company's policy on notification and certification of periods of absence from work, the Employee will continue to be paid his full Salary during any period of absence from work due to sickness, injury or other incapacity, up to a maximum of 26 weeks in aggregate in any period of 52 consecutive weeks. Such payment will be inclusive of any statutory sick pay payable in accordance with applicable legislation in force at the time of absence.

10.2. The Employee will not *be* paid during any period of absence from work (other than due to holiday, sickness, injury or other incapacity) without the prior permission of the Board.

10.3. The Employee agrees that he will undergo a medical examination by a doctor appointed by the Company at any time (provided that the costs of ail such examinations are paid by the Company). The Company will be entitled to receive a copy of any report produced in connection with all such examinations and to discuss the contents of the report with the doctor who produced it.

## **11. REPRESENTATIONS AND WARRANTIES**

11.1. By entering into this Agreement the Employee represents, warrants and acknowledges to the Company that he is not subject to any contract of service or for the provision of services, any notice period or any restrictive covenant with a previous employer which would be breached by signing this Agreement and/or commencing his Employment with the Company and he is legally free from all agreements, arrangements or other restrictions seeking to restrict his right to compete with any person or to deal with or solicit clients or solicit, employ or engage employees of any person or in any way restricting him from entering into and performing the terms of this Agreement and he may join the Company to commence his duties on the Effective Date.

## 12. OTHER INTERESTS

12.1. The Company acknowledges that the Employee has business interests other than those of the Company and that the Employee has declared any conflicts that are apparent as of the Effective Date. In the event that the Employee becomes aware of any conflicts of interest that may arise, he must disclose these to the Board together with any information or knowledge acquired or gained by him in any manner whatsoever whilst he continues in office which may be of value or which may be to the detriment of the Company or any of its subsidiary undertakings.

12.2. The Board confirms that it has given its consent to the continuation of the Employee's material business interests (including current directorships) notified to the Board as of the Effective Date as detailed in Schedule 1.

12.3. Subject to clauses 12.4 and 12.5, during the Employment the Employee will not (without the Board's prior written consent) be directly or indirectly engaged, concerned or interested in any other business activity, trade or occupation.

12.4. Notwithstanding clause 12.3, the Employee may, subject to his duty as a director (if applicable), hold:

- (a) an investment by way of shares or other securities in a business which is similar to or competitive with the Company of not more than 3% of the total issued share capital of any company (whether or not it is listed or dealt in on a recognised stock exchange) provided he has obtained prior written approval from the Board; and
- (b) investments in companies and executive directorships in unquoted companies which do not carry on a business similar to or competitive with any business for the time being carried on by the Company without restriction provided only that (i) such holdings and directorships are notified to the Board, (ii) there is, in the reasonable opinion of the Board, no conflict of interest between the Company and the Employee, and (iii) such holdings and directorships (including, but without limitation, in respect of their time commitment) do not, in the reasonable opinion of the Board, interfere with the Employment. Subject always to the Employee's duty as a director (if applicable), the obligation to notify the Board does not apply (x) if the Employee's investment in any one business does not exceed £100,000 and the Employee has no active participation or involvement in the business of the entity in which the investment is made; or (y) if the Employee's investment is in a mutual fund or any other form of undertakings for collective investment where the Employee has no active participation or involvement in the investment decisions (in this case, without any maximum amount).

12.5. Notwithstanding clause 12.3 above, during the Employment, the Employee may accept positions as a non-executive director (but, for the avoidance of doubt, not as a non-executive chairman) of another publicly listed company provided (i) he has obtained prior written approval from the Board, which shall not be unreasonably withheld, (ii) there is, in the reasonable opinion of the Board, no conflict of interest between the Company with

respect to the proposed role, and (iii) such positions do not, in the reasonable opinion of the Board, interfere with the Employment. Depending on the Employee's other external business activities at the time, the Board will normally consider two such non-executive director roles in other publicly listed companies to be reasonable. For the avoidance of doubt, (a) the Employee is not entitled to accept a position as an executive director in any company that is not a Group Company (except for those within the scope of clause 12.4(b) above), and (b) a role as advisor to any business shall be considered a non-executive director role of a publicly listed company for the purpose of this clause.

### **13. SHARE DEALING AND OTHER CODES OF CONDUCT**

The Employee will comply with all codes of conduct adopted from time to time by the Board and with all applicable rules and regulations of relevant regulatory bodies, including (a) Nasdaq Stock Market or any other exchanges on which the Company's securities may be listed and (b) any applicable regulations on dealings in securities. The Employee acknowledges that compliance may require him to take appropriate steps to ensure that his connected persons (as defined in section 966(2) of the Financial Services and Markets Act 2000) also comply with any such codes of conduct and regulations.

### **14. INTELLECTUAL PROPERTY**

It shall be part of the Employee's normal duties or other duties specifically assigned to him (whether or not during normal working hours and whether or not performed at the Employee's normal place of work) at all times to consider in what manner *and* by what new methods or devices the products, services, processes, equipment or systems of the Company with which he is concerned or for which he is responsible might be improved and might, as part of such duties, originate designs (whether registrable or not) or patentable work or other work in which copyright, database rights or trade mark rights (together ***Employee Works***) may subsist. Accordingly:

- (a) the Employee shall forthwith disclose full details of any Employee Works in confidence to the Company and shall regard himself in relation to any Employee Works as a trustee for the Company;
- (b) all intellectual property rights in any Employee Works shall vest absolutely in the Company which shall be entitled, so far as the law permits, to the exclusive use thereof;
- (c) notwithstanding (b) above, the Employee assigns to the Company all right, title and interest, present and future, anywhere in the world, in copyright and in any other intellectual property rights in respect of all Employee Works written, originated, conceived or made by the Employee (except only those Employee Works written, originated, conceived or made by the Employee wholly outside his normal working hours hereunder and wholly unconnected with the Employment) during the continuance of the Employment;

- (d) the Employee hereby waives all moral rights as author under the Copyright Designs and Patents Act 1988 or any equivalent laws in respect of any Employee Works; and
- (e) the Employee agrees and undertakes that at any time during or after the termination of the Employment he will execute such deeds or documents and do all such acts and things as the Company may deem necessary or desirable to substantiate its rights in respect of the matters referred to above including for the purpose of obtaining letters patent or other privileges in all such countries as the Company may require.

## 15. DISCIPLINARY AND GRIEVANCE PROCEDURES

15.1. If the Employee is dissatisfied with any disciplinary decision taken in relation to him he may appeal in writing to the Chairman of the Board within 7 days of that decision. The Chairman's decision shall be final.

15.2. If the Employee has any grievance in relation to the Employment he may raise it in writing with the Chairman of the Board whose decision shall be final.

## 16. TERMINATION

16.1. Either party may terminate the Employment in accordance with clause 1.3 or clause 1.4, as applicable.

16.2. In lieu of giving notice to terminate the Employee's employment or at any time during any notice period under clause 1.3 or clause 1.4, as applicable (following service of notice either by the Employee or the Company), the Company may in its absolute discretion (but is not obliged to) terminate the Employee's employment with immediate effect and, subject to clause 15.5, make a payment in lieu of notice (the **Payment in Lieu**) within 28 days of the Termination Date of an amount equal to:

- (a) the basic Salary which the Employee would have been entitled to receive under this Agreement during the notice period referred to at clause 13 or clause 1.4, as applicable if notice had been given on the date that the Employment was terminated with immediate effect (or, if notice has already been given, during the remainder of the notice period) (the **Unservd Notice Period**); and
- (b) the pension allowance the Employee would have been entitled to receive in the Unservd Notice Period. For the avoidance of doubt, where the Unservd Notice Period covers multiple years then the Employee will be entitled to a payment in lieu of a pension allowance applicable for the year in which the Termination Date occurs;
- (c) the bonus(es) the Employee would have been entitled to receive in the Unservd Notice Period, calculated, in each case, by way of an average of Annual Bonuses awarded (including the value of any deferred portion thereof on the date of the award) to the Employee by the Company in respect of the last three completed

financial years immediately prior to the Termination Date (provided that (i) if the Termination Date occurs before the third anniversary of the Effective Date, the average shall mean the amount of the Annual Bonuses awarded since the Effective Date divided by the number of Annual Bonuses awarded, and (ii) if during the period between the Effective Date and the Termination Date, the Company has not awarded any Annual Bonus (other than as a result of failure to satisfy the applicable performance conditions), the average shall be determined by reference to the mid-point between the threshold opportunity (at which the lowest level of Annual Bonus is payable) and the Target Annual Bonus, and by reference to the Salary on the Termination Date). In all cases, the average amount calculated under this sub-clause shall be proportionately adjusted for the length of the Unserved Notice Period; and

- (d) the cost to the Company of the benefits consisting of (i) those provided pursuant to clause 8 the Employee would have been entitled to receive during the Unserved Notice Period, and (ii) if an allowance under clause 3.5 is being paid at the time of the Termination Date, an annual expatriate benefits allowance equivalent to 20% of Salary pro-rated for the length of the Unserved Notice Period but not exceeding six months.

For the avoidance of doubt, the Employee will remain bound by the post-termination covenants set out in clause 21.

16.3. In the event the Employment is terminated by resignation by the Employee for Good Reason (as defined in clause 17), the Company will make an immediate payment of a liquidated sum to the Employee of an amount equal to the Payment in Lieu (described in clause 16.2) that would be applicable at that time. The liquidated sum shall be subject to such deductions as the Company may be required to make and shall be made in full and final settlement of any claims (other than statutory claims) the Employee may have against the Company or any Group Company arising from the employment or the termination thereof. In consideration for this payment, the Employee agrees to remain bound by the post-termination covenants set out in clause 21.

16.4. For the avoidance of doubt:

- (a) the Payment in Lieu or the liquidated sum will not include any amount in respect of any other amount or benefit envisaged under this Agreement; and
- (b) the Employee will not be entitled to receive any payment in addition to the Payment in Lieu or the liquidated sum in respect of any holiday entitlement that would have accrued during the period for which the Payment in Lieu or the liquidated sum is made.

16.5. The Company may determine in its absolute discretion that up to one-third of the Payment in Lieu under clause 16.2 or the liquidated sum under clause 16.3 will be payable in equal monthly instalments on the normal payroll dates over a 12 month period following the Termination Date.

16.6. The Payment in Lieu shall be subject to such deductions as may be required by law and shall be made in full and final settlement of any claims (other than statutory claims) the Employee may have against the Company or any Group Company arising from the employment or the termination thereof.

16.7. The Company may also terminate the Employment immediately and with no liability to make any further payment to the Employee (other than in respect of amounts accrued due at the date of termination) for Cause. **Cause** means if the Employee:

- (a) commits any repeated breach (provided that the Company has notified the Employee of such breach and if capable of cure, the breach has not been cured within 30 days following receipt of the notice) or any serious breach of any of his obligations under this Agreement or his Employment;
- (b) provides materially false or misleading information about himself or his previous employment history or omits to divulge material factors relevant to his suitability for the Employment;
- (c) is guilty of serious misconduct which, in the Board's reasonable opinion, has damaged or may damage the business or affairs of the Company or any other Group Company;
- (d) is guilty of conduct which, in the Board's reasonable opinion, brings or is likely to bring himself, the Company or any other Group Company into disrepute;
- (e) is charged with a criminal offence (other than a road traffic offence not subject to a custodial sentence);
- (f) is disqualified from acting as a director of a company by order of a competent court;
- (g) is declared bankrupt or makes any arrangement with or for the benefit of his creditors, has an interim order made against him under Part VIII of the Insolvency Act or has an administration order made against him under the County Courts Act 1984; or
- (h) resigns his directorship of the Company or any Group Company (other than at the explicit request of the Board).

This clause shall not restrict any other right the Company may have (whether at common law or otherwise) to terminate the Employment summarily.

Any delay by the Company in exercising its rights under this clause shall not constitute a waiver of those rights.

16.8. The Company may terminate the Employment even when, as a result, the Employee would or may forfeit any entitlement to benefit under the permanent health insurance arrangements referred to in clause 8 or to sick pay under clause 10, save that the Company

will not terminate the Employment solely on grounds of the Employee's ill health where such an entitlement or benefit would be forfeited.

16.9. On termination of the Employment for whatever reason (and whether in breach of contract or otherwise) the Employee will:

- (a) immediately deliver to the Company all books, documents, papers, computer records, computer data, credit cards, and any other property relating to the business of or belonging to the Company or any other Group Company which is in his possession or under his control. The Employee is not entitled to retain copies or reproductions of any documents, papers or computer records relating to the business of or belonging to the Company or any other Group Company;
- (b) immediately resign from any office he holds with the Company or any other Group Company (and from any related trusteeships) without any compensation for loss of office. Should the Employee fail to do so he hereby irrevocably authorises the Company to appoint some person in his name and on his behalf to sign any documents and do anything to give effect to his resignation from office; and
- (c) immediately pay to the Company or, as the case may be, any other Group Company all outstanding loans or other amounts due or owed to the Company or any Group Company. The Employee confirms that, should he fail to do so, the Company is to be treated as authorised to deduct from any amounts due or owed to the Employee by the Company (or any other Group Company) a sum equal to such amounts.

16.10. The Employee will not at any time after termination of the Employment represent himself as being in any way concerned with or interested in the business of, or employed by, the Company or any other Group Company.

16.11. Any long-term incentive awards, including deferred bonus awards, held by the Employee under the Company's long-term incentive plan on the Termination Date will be treated in accordance with the applicable rules of the plan.

## **17. RESIGNATION BY THE EMPLOYEE FOR GOOD REASON**

17.1. For the avoidance of doubt, the Employee may resign from the Employment at any time under any of the following circumstances (each a **Good Reason**):

- (a) the Company's material failure to comply with the clauses of this Agreement, provided that the Employee has submitted a written notice of such failure to the Board and the failure is not cured within 90 days following receipt of the notice;
- (b) the overall compensation (including Salary, Aggregate Incentive Awards, pension and other benefits) granted to the Employee by the Company in a given financial year is materially reduced from the preceding financial year, unless such reduction (i) is applied generally to the Company's Tier 1 and Tier 2 Executives and (ii) is a result of substantial changes in the market conditions affecting the Company. For the avoidance of doubt, both (i) and (ii) need to be met;

- (c) his duties or responsibilities are substantially altered;
- (d) as a result of long-term sickness he is unable to carry out his duties and his entitlements under clause 10 have ceased;
- (e) he ceases to report to the Board, the Executive Chairman or Executive Vice-Chairman of the Company (or of any holding company of the Company, if applicable); or
- (f) the Company's headquarters are relocated outside the United Kingdom (and not to New York City, Miami, similarly major cities on the East Coast of the United States, Madrid or Barcelona).

## **18. MALUS AND CLAWBACK**

18.1. The Employee acknowledges that in order to comply with UK corporate governance standards the discretionary bonus arrangements and share incentive plans operated by the Company from time to time (the **Plans**) include, or may in the future include, provisions which in certain circumstances allow for the reduction of amounts payable to the Employee and/or for the Employee to repay to the Company all or part of any amounts received by him pursuant to those Plans. The Employee hereby agrees to be bound by such provisions of the Plans both during and following the Employment and, without prejudice to clause 3.4, acknowledges the right of the Company to deduct from any amount payable to him any amount he owes to the Company or any Group Company pursuant to the Plans.

## **19. SUSPENSION AND GARDENING LEAVE**

19.1. Where notice of termination has been served by either party whether in accordance with clause 1.3 or otherwise, the Company shall be under no obligation to provide work for or assign any duties to the Employee for the whole or any part of the relevant notice period ("Gardening Leave") and may require him:

- (a) not to attend any premises of the Company or any other Group Company;
- (b) to resign with immediate effect from any offices he holds with the Company or any other Group Company (and any related trusteeships);
- (c) to refrain from business contact with any customers, clients or employees of the Company or any Group Company;
- (d) to take any holiday which has accrued under clause 9 during any period of suspension under this clause 19.1;
- (e) to deliver promptly to the Company all papers, Confidential Information and property relating to the business of the Company or any Group Company which is in his possession or under his control (including, for the avoidance of doubt, any shares held by him as nominee for any member of the Group);



- (f) not to compete with the Company or any Group company; and/or
- (g) not to do any act or thing or make or cause to be made any statement reasonably likely to damage the business or reputation of the Company or any Group Company and the Employee must use all reasonable efforts to ensure that his Spouse does not do any such act or thing or make or cause to be made any such statements.

19.2. For the avoidance of doubt, the Employee's entitlement to the annual bonus (clause 4) shall continue during any period of Gardening Leave. To the extent that the Employee is required not to attend work or otherwise carry out his Duties during any period of Gardening Leave, the Company agrees that his Annual Bonus entitlements shall not be adversely affected and he shall receive such sums as he would have received had he remained at work and/or performing his duties calculated by way of an average of the last three years' bonus awards (or an average across the Employee's length of service, if lower than 3 years).

19.3. The provisions of clause 12.1 shall remain in full force and effect during any period of suspension under clause 19.1. The Employee will also continue to be bound by duties of good faith and fidelity to the Company and remain available to perform such duties and/or exercise such powers, authorities and discretions (if any) when called upon by the Company to do so during any period of suspension under clause 19.1.

Any suspension under clause 19.1 shall be on run Salary and benefits (save that the Employee shall not be entitled to earn or be paid any bonus during any period of suspension).

19.4. The Company may suspend the Employee from the Employment during any period in which the Company is carrying out a disciplinary investigation into any alleged acts or defaults of the Employee. Such suspension shall be on full Salary and benefits.

## **20. RESTRAINT IN ACTIVITIES OF EMPLOYEE AND CONFIDENTIALITY**

The Employee will keep secret and will not at any time (whether during the Employment or thereafter) use for his own or another's advantage, or reveal to any person, firm, company or organisation and shall use his best endeavours to prevent the publication or disclosure of any Confidential Information or information which the Employee knew or ought reasonably to have known to be confidential, concerning the business or affairs of the Company or any Group Company or any of its or their customers.

The restrictions in this clause shall not apply:

- (a) to any disclosure of information which is already in the public domain otherwise than by breach of this Agreement;
- (b) to any disclosure of information which was known to, or in the possession of, the Employee prior to his receipt of such information from the Company or any Group Company whenever so received;

- (c) to any disclosure of information which has been conceived or generated by the Employee independently of any information or materials received or acquired by the Employee from the Company or any Group Company;
- (d) to any disclosure or use authorised by the Board or required by the Employment or by any applicable laws or regulations, including, without limitation, to any disclosure required for patent purposes provided that the Employee promptly notifies the Company when any such disclosure requirement arises to enable the Company to take such action as it deems necessary, including, without limitation, to seek an appropriate protective order and/or make known to the appropriate government or regulatory authority or court the proprietary nature of the Confidential Information and make any applicable claim of confidentiality with respect hereto;
- (e) so as to prevent the Employee from using his own personal skill, experience and knowledge in any business in which he may be lawfully engaged after the Employment is ended; or
- (f) to prevent the Employee making a protected disclosure within the meaning of section 43A of the Employment Rights Act 1996.

## **21. POST-TERMINATION COVENANTS**

21.1. In order to protect the confidential information, trade secrets and business connections of the Company and any Group Company to which the Employee has access as a result the Employment, the Employee covenants with the Company (for itself and as trustee and agent for each other Group Company) that he shall not, whether directly or indirectly, on his own behalf or on behalf of or in conjunction with any other person, firm, company or other entity:

- (a) for the period of (subject to clause 21.2 below) 12 months following the Termination Date, solicit or entice away or endeavour to solicit or entice away from the Company or any Group Company any person, firm, company or other entity who is, or was, in the period of 12 months immediately prior to the Termination Date, a client of the Company or any Group Company with whom the Employee had business dealings during the course of the Employment in that period. Nothing in this clause 21.1(a) shall prohibit the seeking or doing of business not in direct or indirect competition with the business of the Company or any Group Company;
- (b) for the period of (subject to clause 21.2 below) 12 months following the Termination Date, have any business dealings with any person, firm, company or other entity who is, or was, in the period of 12 months immediately prior to the Termination Date, a client of the Company or any Group Company with whom the Employee had business dealings during the course of the Employment in that period. Nothing In this clause 21.1(b) shall prohibit the seeking or doing of business not in direct or indirect competition with the business of the Company or any Group Company;

- (c) for the period of (subject to clause 21.2 below) 12 months following the Termination Date, solicit or entice away or endeavour to solicit or entice away any individual who is employed or engaged by the Company or any Group Company as a director or in a managerial or technical capacity and with whom the Employee had business dealings during the course of the Employment in the 12 month period immediately prior to the Termination Date;
- (d) for the period of (subject to clause 21.2 below) 12 months following the Termination Date, carry on, set up, be employed, engaged or Interested in a business anywhere in the United Kingdom, United States of America, or such other country] in which a Major Division operates as at the Termination Date, which is or is about to be in competition with the business of the Company or any Group Company as at the Termination Date with which the Employee was actively involved (including in an oversight capacity as a director of the Company) during the 12 month period immediately prior to the Termination Date. A **Major Division** means a division or business carried on as at the Termination Date by the Company or any Group Company which accounts for at least 20% of the Group's revenues or 20% of the Group's profits and with which the Employee was actively involved during the six month period to the Termination Date. The provisions of this clause 21.1(d) shall not, at any time following the Termination Date, prevent the Employee from holding shares or other capital not amounting to more than 3% of the total issued share capital of any company whether listed on a recognised stock exchange or not and, in addition, shall not prohibit the seeking or doing of business not in direct or indirect competition with the business of the Company or any Group Company.

21.2. The period during which the restrictions referred to in clauses 21.1(a) (b), (c) and (d) inclusive shall apply following the Termination Date shall be reduced by the amount of time during which, if at all, the Company suspends the Employee under the provisions of clause 19.1.

21.3. The Employee agrees that if, during either the Employment or the period of the restrictions set out in 21.1(a), (b), (c) and (d) inclusive (subject to the provisions of clause 21.2), he receives an offer of employment or engagement, he will provide a copy of clause 21 to the offeror as soon as is reasonably practicable after receiving the offer and will inform the Company of the identity of the offeror as soon as possible after the offer is accepted.

21.4. The Employee warrants that the covenants contained in this clause are reasonable and necessary to protect the Company and any Group Company legitimate business interests.

21.5. Each of the restrictions in this clause is intended to be separate and severable. If any of the restrictions shall be held to be void but would be valid if part of their wording were deleted, such restriction shall apply with such deletion as may be necessary to make it valid or effective.

21.6. The Employee will, at the request and expense of the Company, enter into a separate agreement with any Group Company that the Company may require under the terms of which he will agree to be bound by restrictions corresponding to those contained in clauses 21.1(a) (b), (c) and (d) inclusive (or such as may be appropriate in the circumstances).

## **22. EXECUTIVE'S POSITION AS DIRECTOR**

22.1. The Executive's duties as a director of the Company or any other Group Company, as applicable, are subject to the Articles of Association of the relevant company for the time being.

## **23. WAIVER OF RIGHTS**

23.1. If the Employment is terminated by either party and the Employee is offered re-employment by the Company (or employment with another Group Company) on terms no less favourable in all material respects than the terms of the Employment under this Agreement, the Employee shall have no claim against the Company in respect of such termination.

## **24. DATA PROTECTION**

24.1. The Employee consents to the Company and any Group Company processing data relating to him at any time (whether before, during or after the Employment) for the following purposes:

- (a) performing its obligations under this Agreement (including remuneration, payroll, pension, insurance and other benefits, tax and social security (including national insurance) obligations;
- (b) the legitimate interests of the Company and any Group Company including any sickness policy, working time policy, investigating acts or defaults (or alleged or suspected acts or defaults) of the Employee, security, management forecasting or planning and negotiations with the Employee;
- (c) processing in connection with any merger, sale or acquisition of a company or business in which the Company or any Group Company is involved or any transfer of any business in which the Employee performs his duties; and
- (d) transferring data to countries outside the European Economic Area for the purposes of maintaining comprehensive records and conducting analyses of the Group-wide employee population, in particular in the United States of America.

24.2. The Employee explicitly consents to the Company and any Group Company processing sensitive personal data (within the meaning of the Data Protection Act 1998) at any time (whether before, during or after the Employment) for the following purposes:

- (a) where the sensitive personal data relates to the Employee's health, any processing in connection with the operation of the Company's (or any Group Company's) sickness policy or any relevant pension scheme or monitoring absence;
- (b) where the sensitive personal data relates to an offence committed, or allegedly committed, by the Employee or any related proceedings, processing for the purpose of disciplinary investigation and/or action by the Company or any Group Company;
- (c) for all sensitive personal data, any processing in connection with any merger, sale or acquisition of a company or business in which the Company or any Group Company is involved or any transfer of any business in which the Employee performs his duties; and
- (d) for all sensitive personal data, any processing in the legitimate interests of the Company or any Group Company.

## **25. EMAIL AND INTERNET USE**

25.1. In accordance with the Company Policy and within the bounds of the law, the Company reserves the right to monitor the Employee's electronic communications on a regular basis (including during any notice period, if applicable) and to monitor and record logging and traffic information as well as actual content (including the content of personal email and internet sites visited) in the Company's legitimate business interest, for example security or disciplinary reasons. All documents, communications and other files created, sent or received on email or through the internet or Intranet are the Company's property.

25.2. Upon request by the Company, the Employee must give the Company access to his Company PC, laptop, Blackberry or other electronic device provided by the Company. Failure to comply with such a request will be regarded as a serious breach by the Employee and may result in disciplinary action being taken against him, including dismissal without notice or pay in lieu of notice.

## **26. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of an executed counterpart signature page or this agreement by e-mail or fax shall be as effective as delivery of a manually executed counterpart of this agreement. In relation to each counterpart, upon confirmation by or on behalf of the signatory that the signatory authorises the attachment of such counterpart signature page to the final text of this agreement, such counterpart signature page shall take effect together with such final text as a complete authoritative counterpart.

## **27. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

## 28. DEFINITIONS

In this Agreement the following expressions have the following meanings:

**2016 Remuneration Policy** means the Remuneration Policy that is subject to approval by the Company's shareholders at the 2016 Annual General Meeting;

**Board** means the board of directors of the Company or a duly constituted committee of the board of directors;

**Compensation Committee** means a compensation committee of the Board;

**Civil Partner** has the same meaning as in the Civil Partnerships Act 2004;

**Confidential Information** means any information relating to the business, customers, transactions, processes, products, know-how, secrets or affairs of the Company, or any Group Company received or acquired by the Employee in pursuance of his duties under this Agreement or any information which is specified as confidential by the Company or a Group Company. Without prejudice to the foregoing generality; **Confidential Information** also applies to Information concerning:

- (a) the markets, customers and potential markets and customers of the Company or any Group Company;
- (b) the pricing policy, costs of products and services to the Company or any Group Company;
- (c) the profits turnover, profit margins, business expectations, budgets, business plans or any other similar financial information of the Company or any Group Company;
- (d) technical data or know-how relating to the business carried on by the Company or any Group Company;
- (e) research projects of the Company or any Group Company; and
- (f) administrative, managerial, employment or other internal policies of the Company or any Group Company or the relations of the Company or any Group Company with customers, suppliers, competitors, the business community or the general public.

**Effective Date** means 1 January 2016;

**Employment** means the Employee's employment in accordance with the terms and conditions of this Agreement;

**Group Company** means the Company, any holding company and any subsidiary of the Company or any holding company (as defined in the Companies Act 2006) and *Group* shall be defined accordingly;

**Remuneration Policy** means the remuneration policy of the Company most recently approved by shareholders in accordance with section 439A of the Companies Act 2006;

**Salary** means the salary referred to in clause 3.1 as increased from time to time;

**Spouse** means the person to whom the Employee is married and shall include a Civil Partner. For the avoidance of doubt, references to '**marry**', '**married**' and '**marriage**' throughout shall be deemed to include a registered Civil Partnership and entering into or being in a registered Civil Partnership;

**Termination Date** means the date of termination of the Employment howsoever caused (including, without limitation, termination by the Company which is in repudiatory breach of this Agreement);

**Tier 1 Executives** means executive directors and chief executive officer (if not a director) of the Company;

**Tier 2 Executives** means executive officers, including chief financial officer and chief legal officer, and deputy executive officers of the Company (including, for the avoidance of doubt, the deputy chief executive officer of the Company); and

**Working Hours** has the meaning given to it by clause 2.2.

## **29. MISCELLANEOUS**

29.1. This Agreement, together with any other documents referred to in this Agreement, constitutes the entire agreement and understanding between the parties, and supersedes all other agreements both oral and in writing between the Company and the Employee (other than those expressly referred to herein). The Employee acknowledges that he has not entered into this Agreement in reliance upon any representation, warranty or undertaking which is not set out in this Agreement or expressly referred to in it as forming part of the Employee's contract of employment.

29.2. The Employee represents and warrants to the Company that he will not by reason of entering into the Employment, or by performing any duties under this Agreement, be in breach of any terms of employment with a third party whether express or implied or of any other obligation binding on him.

29.3. Any notice to be given under this Agreement to the Employee may be served by being handed to him personally or by being sent by recorded delivery first class post to him at his usual or last known address; and any notice to be given to the Company may be served by being left at or by being sent by recorded delivery first class post to its registered office for the time being. Any notice served by post shall be deemed to have been served on the day (excluding Sundays and public and bank holidays) next following the date of posting and in proving such service it shall be sufficient proof that the envelope containing the notice was properly addressed and posted as a prepaid letter by recorded delivery first class post.

29.4. Any reference in this Agreement to an Act of Parliament shall be deemed to include any statutory modification or re-enactment thereof.

29.5. This Agreement is governed by, and shall be construed in accordance with, the laws of England. The Courts of England shall have exclusive jurisdiction in relation to all disputes arising out of or in connection with this Agreement.

SIGNED as a DEED and  
DELIVERED by  
/S/ PEDRO LARREA PAGUAGA

in the presence of  
Name: /s/ Clara Cerdan Molina

SIGNED for and on behalf of  
FERROGLOBE PLC /s/Javier Monzon, Chairman, Compensation Committee



**SCHEDULE 1**

Schedule of Employee's Material Business Interests  
and Current Directorships as of Effective Date  
Consented by the Board

None

# Ferroglobe PLC

---

## FERROGLOBE PLC EQUITY INCENTIVE PLAN

---

Adopted by the board of the Company on 29 May 2016

Approved by shareholders of the Company on 29 June 2016

The Plan is a discretionary benefit offered by Ferroglobe PLC for the benefit of selected employees of Ferroglobe PLC and members of its group. Its main purpose is to increase the interest of the employees in Ferroglobe PLC's long term business goals and performance through share ownership. The Plan is an incentive for the employees' future performance and commitment to the goals of Ferroglobe PLC.

Any Shares or cash received under the Plan and any gains obtained under the Plan are **not** part of salary for any purpose except to any extent required by statute.

The remuneration committee of the board of Ferroglobe PLC shall have the right to decide, in its sole discretion, whether or not awards will be granted and to which employees those awards will be granted.

The detailed rules of the Plan are set out overleaf.

## CONTENTS

<b>Rule</b>	<b>Page</b>
1. DEFINITIONS AND INTERPRETATION	- 1 -
2. ELIGIBILITY	- 3 -
3. GRANT OF AWARDS	- 3 -
4. LIMITS	- 6 -
5. VESTING OF AWARDS	- 7 -
6. CONSEQUENCES OF VESTING	- 8 -
7. EXERCISE OF OPTIONS	- 9 -
8. CASH ALTERNATIVE	- 10 -
9. LAPSE OF AWARDS	- 11 -
10. LEAVERS	- 11 -
11. TAKEOVERS AND OTHER CORPORATE EVENTS	- 13 -
12. ADJUSTMENT OF AWARDS	- 15 -
13. RECOVERY AND WITHHOLDING	- 16 -
14. ALTERATIONS	- 18 -
15. MISCELLANEOUS	- 19 -

---

## 1. DEFINITIONS AND INTERPRETATION

### 1.1 In the Plan, unless the context otherwise requires:

"**Award**" means a Conditional Award or an Option and in each case (other than as noted below) designated as one of the following for the purposes of the Plan as determined by the Committee on or prior to the grant of the Award:

- (a) a "**Deferred Share Award**" – a Conditional Award or an Option with no Performance Conditions;
- (b) a "**Deferred Share Bonus Award**" – a Conditional Award or an Option with no Performance Conditions and related to a deferral of annual bonus;
- (c) a "**Performance Share Award**" – a Conditional Award or an Option with Performance Conditions; or
- (d) a "**Market Value Option Award**" – an Option with an Option Price set by reference to the market value of Shares at the time of the grant of the Option and granted with or without Performance Conditions;

"**Board**" means the board of directors of the Company or a duly authorised committee of the Board or a duly authorised person;

"**Bonus**" means a bonus payable under a discretionary bonus arrangement operated by a Participating Company;

"**Cause**" shall have the meaning set out in the relevant employee or executive director's employment or service agreement;

"**Compensation Committee**" means the compensation committee of the Board or, on and after the occurrence of a corporate event described in Rule 11 (*Takeovers and other corporate events*), the compensation committee of the Board as constituted immediately before such event occurs;

"**Company**" means Ferroglobe PLC (registered in England and Wales with registered number 09425113);

"**Conditional Award**" means a conditional right to acquire Shares under the Plan subject to the terms applicable to such Award;

"**Control**" means control within the meaning of section 995 of the Income Tax Act 2007;

"**Dividend Equivalent**" means a benefit calculated by reference to dividends paid on Shares as described in Rule 3.5;

"**Early Vesting Date**" means either:

- (a) the later of:
  - (i) the date of cessation of employment or office of a Participant in the circumstances referred to in Rule 10.1 (*Good leavers*); and
  - (ii) early determination of any Performance Condition relating to such cessation; or
- (b) the date of the relevant event in Rule 11.1 (*General offers*) or Rule 11.2 (*Schemes of arrangement and winding up*) or the date of Vesting referred to in Rule 11.3 (*Demergers and similar events*);

**"Exercise Period"** means the period referred to in Rule 7.1 during which an Option may be exercised;

**"Good Reason"** shall have the meaning set out in the relevant employee or executive director's employment or service agreement;

**"Grant Date"** means the date on which an Award is granted;

**"Group Member"** means:

- (c) a Participating Company or a body corporate which is the Company's holding company (within the meaning of section 1159 of the Companies Act 2006) or a Subsidiary of the Company's holding company;
- (d) a body corporate which is a subsidiary undertaking (within the meaning of section 1162 of the Companies Act 2006) of a body corporate within paragraph (a) above and has been designated by the Board for this purpose; and
- (e) any other body corporate in relation to which a body corporate within paragraph (a) or (b) above is able (whether directly or indirectly) to exercise 20% or more of its equity voting rights and has been designated by the Board for this purpose;

**"ITEPA"** means the Income Tax (Earnings and Pensions) Act 2003;

**"Net Vested Shares"** means the Vested Shares acquired or received by a Participant on or following the Vesting of a Conditional Award, less: (a) a number of Shares that have an aggregate market value on the date of Vesting (in the case of Conditional Awards) or exercise (in the case of Options) equal to the Participant's Tax Liability due and arising on the Vesting or exercise of the Award, or (b) if the Vested Shares are sold to satisfy the Participant's Tax Liability due on the Vesting or exercise of an Award, such number of Vested Shares so sold;

**"Normal Vesting Date"** means the date specified by the Committee for an Award for such purposes pursuant to Rule 3.3 (*Structure and type of Award*);

**"Normal Vesting Period"** means the period of time commencing at the start of the Grant Date and expiring at the end of the Normal Vesting Date;

**"Option"** means a conditional right to acquire Shares under the Plan subject to the terms applicable to such Award;

**"Option Price"** means:

- (f) other than in the case of an Market Value Option Award, nil or such nominal amount, if any, payable on the exercise of such Option per Share acquired as specified by the Committee on or prior to the grant of the Option;
- (g) in the case of a Market Value Option Award, such amount payable on the exercise of such Option per Share acquired at such time which unless the Committee specifies otherwise shall be set by reference to the meaning of market value as described in Rule 4.3;

**"Participant"** means a person who holds an Award including his personal representatives, as permitted under applicable law;

**"Participating Company"** means the Company or any Subsidiary of the Company;

"**Performance Condition**" means a condition or conditions related to performance against one or more measures which is specified by the Committee under Rule 3.1 (*Terms of grant*);

"**Plan**" means the Ferroglobe PLC Equity Incentive Plan as amended from time to time;

"**Recovery and Withholding**" means an obligation to repay the amounts referred to in Rule 13.4;

"**Rule**" means a rule of the Plan;

"**Shares**" means fully paid ordinary shares in the capital of the Company;

"**Subsidiary**" means a body corporate which is a subsidiary (within the meaning of section 1159 of the Companies Act 2006);

"**Tax Liability**" means (i) any amount of tax or social security contributions (or local equivalent) for which a Participant would or may be liable and for which any Group Member or former Group Member would or may be obliged to (or would or may suffer a disadvantage if it were not to) account to any relevant authority and (ii) any related Group Member's liability to social security contributions (or local equivalent) if such a liability is specified as an additional condition for the relevant Award on or prior to its Grant Date under Rule 3.1(b) (*Terms of grant*);

"**Vest**" means:

(h) in relation to an Option, it becoming exercisable;

(i) in relation to a Conditional Award, a Participant becoming entitled to have Shares transferred to him (or his nominee) subject to the Rules; and **Vesting** shall be construed accordingly;

"**Vested Shares**" means those Shares in respect of which an Award Vests.

1.2 Any reference in the Plan to any enactment includes a reference to that enactment as from time to time modified, extended or re-enacted.

1.3 Where the context admits, a reference to the singular includes the plural and a reference to the male includes the female.

1.4 Expressions in italics, headings and any footnotes are for guidance only and do not form part of the Plan.

## 2. **ELIGIBILITY**

An individual is eligible to be granted an Award only if he is an employee (including an executive director) of a Participating Company.

## 3. **GRANT OF AWARDS**

### 3.1 **Terms of grant**

Subject to Rule 3.7 (*Timing of grant*), Rule 3.8 (*Approvals and consents*) and Rule 4 (*Limits*), the Committee may resolve to grant an Award on:

(a) the terms set out in the Plan; and

(b) such additional terms if any (whether a Performance Condition and/or any other terms) as the Committee may specify to any person who is eligible to be granted an Award under Rule 2 (*Eligibility*).

3.2 Vesting of Deferred Share Bonus Award is not subject to Performance Conditions. The Committee may determine whether or not other Awards are subject to Performance Conditions, provided that at least two-thirds (or such other proportion as may be set under the Company's executive directors' remuneration policy from time to time) of the total Awards granted to an executive director in any financial year shall be subject to Performance Conditions.

### 3.3 **Structure and type of Award**

On or before an Award's Grant Date, the Committee shall specify:

(a) whether the Award is as a Conditional Award or an Option and in each case (other than as stated below) shall designate such Award as one of the following for the purposes of the Plan:

- (i) a Deferred Share Award;
- (ii) a Deferred Share Bonus Award;
- (iii) a Performance Share Award; or
- (iv) a Market Value Option Award (only relevant in relation to Options);

(b) in the case of an Option its Option Price (if any); and

(c) the Award's Normal Vesting Date;

Awards shall be set with a Normal Vesting Date of the third anniversary of the Award's Grant Date unless the Committee determines otherwise for the relevant Award on or prior to its Grant Date save that no earlier Normal Vesting Date may be specified in relation any such Awards granted to executive directors of the Company unless the Committee determines otherwise in accordance with prevailing shareholder approved remuneration policy as relevant.

### 3.4 **Method of grant**

An Award shall be granted by deed executed by the Company or in such other manner as considered appropriate and binding.

### 3.5 **Dividend Equivalent**

The Committee may decide on or before the grant of an Award (or exceptionally at any time prior to the Vesting of the Award) that a Participant (or his nominee) shall be entitled to receive a benefit determined by reference to the value of the dividends that would have been paid on the Vested Shares in respect of dividend payment dates occurring during the period between the Grant Date and the date of Vesting.

The Committee shall decide the basis on which the value of such dividends shall be calculated. The Committee may also decide at this time whether the Dividend Equivalent shall be provided to the Participant in the form of cash and/or Shares. The Dividend Equivalent shall be provided in accordance with Rule 6.3 (*Delivery of Dividend Equivalent*).

### 3.6 **Type of Shares**

Unless specified to the contrary by the Committee on the Grant Date, an Award may be satisfied:

- (a) by the issue of new Shares; and/or
- (b) by the transfer of treasury Shares; and/or
- (c) by the transfer of Shares (other than the transfer of treasury Shares).

An employee benefit trust may be used in connection with the Plan to satisfy an Award.

The Committee may decide to change the way in which it is intended that an Award granted as an Option or a Conditional Award may be satisfied after it has been granted, having regard to the provisions of Rule 4 (*Limits*).

### 3.7 **Timing of grant**

Subject to Rule 3.8 (*Approvals and consents*), an Award may only be granted:

- (a) within the period of 6 weeks beginning with the date shareholders approve the Plan in general meeting; and/or
- (b) within the period of 6 weeks beginning with the dealing day after the date on which the Company announces its results for any period; and/or
- (c) at any other time when the Committee considers that circumstances are sufficiently exceptional to justify its grant

but an Award may not be granted after the period of 10 years beginning with the date of the Board's adoption of the Plan.

### 3.8 **Approvals and consents**

The grant of any Award shall be subject to obtaining any approval or consent required under any relevant share dealing code of the Company or any other relevant regulation or enactment.

### 3.9 **Non-transferability and bankruptcy**

An Award granted to any person:

- (a) shall not be transferred, assigned, charged or otherwise disposed of (except on his death to his personal representatives) and shall lapse immediately on any attempt to do so; and
- (b) may, at the Committee's discretion, lapse immediately if he is declared bankrupt.

### 3.10 **Awards to US Participants**

Awards (other than Market Value Option Awards) granted to Participants who are subject to income taxation in the United States ("**US Participants**") shall be subject to following additional terms:

- (a) Such Awards shall be structured as Conditional Awards;
- (b) Each such Award is intended to be either (i) exempt from Section 409A of the US Internal Revenue Code of 1986, as amended, and the regulations and guidance issued thereunder



(collectively, "Section 409A") upon reliance of the short term deferral exception provided thereunder or (ii) compliant with Section 409A.

- (c) To the extent a Conditional Award Vests, and is intended to be exempt from 409A as a short term deferral, then no Shares (or other asset) shall be delivered under the Plan in respect of such Award (including in respect of any Dividend Equivalent) later than the 15th of March following the calendar year in which such Award so Vests (i.e. the calendar year in which such award is no longer subject to a "substantial risk of forfeiture" for the purposes of Section 409A).
- (d) It is intended that each payment in any series of payments under such Awards shall be deemed to be a "separate payment" for purposes of Section 409A.
- (e) To the extent that any Award is subject to Section 409A, then any such Award that is payable upon "cessation of employment" shall be (i) payable only if such cessation is also a separation from service within the meaning of Section 409A, and (ii) subject to delay in payment for a period of six months following such separation from service, if the Participant is a "specified employee" within the meaning of Section 409A.

#### 4. LIMITS

##### 4.1 10% per cent. in 10 years limit on New Issue and Treasury Shares

An Award shall not be granted in any calendar year if, at the time of its proposed Grant Date, it would cause the number of new Shares and/or treasury Shares 'allocated' in the period of 10 calendar years ending with that calendar year under the Plan and under any other employee share plan (i.e. all types of employee share plans: discretionary, all-employee or otherwise) adopted by the Company to exceed such number as represents 10 per cent. of the ordinary share capital of the Company in issue at that time.

Allocated shall be determined on such basis as the Committee reasonably determines and for the avoidance of doubt shall not count lapsed Awards and/or those settled with market Shares (not being treasury) or cash.

##### 4.2 5% per cent. in 10 years limit on New Issue and Treasury Shares

An Award shall not be granted in any calendar year if, at the time of its proposed Grant Date, it would cause the number of new Shares and/or treasury Shares 'allocated' in the period of 10 calendar years ending with that calendar year under the Plan and under any other executive share plan (i.e. only discretionary share plans and not including all-employee plans) adopted by the Company to exceed such number as represents 5 per cent. of the ordinary share capital of the Company in issue at that time.

Allocated shall be determined on such basis as the Committee reasonably determines and for the avoidance of doubt shall not count lapsed Awards and/or those settled with market Shares (not being treasury) or cash.

##### 4.3 Individual limit

The maximum total market value of Shares (calculated as set out in this Rule) over which Awards, in aggregate may be granted to any employee during any financial year of the Company is 1,000% of his salary (as defined in this Rule).

For the purpose of this Rule 4.3:

- (i) an employee's **salary** shall be taken to be his base salary (excluding benefits in kind), expressed as an annual rate payable by the Participating Companies to him on the Grant Date (or such earlier date as the Committee shall determine). Where a payment of salary is made in a currency other than US\$, the payment shall be treated as equal to the equivalent amount of sterling determined by using any rate of exchange which the Committee may reasonably select; and
- (ii) unless the Committee determines otherwise the **market value** of the Shares over which an Award is to be granted shall be taken to be an amount equal to the closing price of such Shares on the dealing day before the Grant Date or, if the Committee so determines (other than in the case of Market Value Option Awards granted to US Participants), the average of the closing prices during a period determined by the Committee not exceeding the period of 5 dealing days ending with the dealing day before the Grant Date provided such dealing day(s) do not fall within any period when dealings in Shares are prohibited under the Company's share dealing code.

#### 4.4 **Effect of limits**

Any Award shall be limited and take effect so that the limits in this Rule 4 are complied with.

### 5. **VESTING OF AWARDS**

#### 5.1 **Timing of Vesting**

Subject to Rule 5.3 (*Restrictions on Vesting: regulatory and tax issues*), an Award shall Vest on the later of:

- (a) if any Performance Condition and any other condition has been imposed on the Vesting of the Award, the date on which the Committee determines whether or not such Performance Condition or other condition has been wholly or partly satisfied; and
- (b) the Award's Normal Vesting Date

except where earlier Vesting occurs on an Early Vesting Date under Rule 10 (*Leavers*) or Rule 11 (*Takeovers and other corporate events*).

#### 5.2 **Extent of Vesting**

An Award shall only Vest to the extent:

- (a) that any Performance Condition is satisfied on the Normal Vesting Date or, if appropriate, the Early Vesting Date;
- (b) that any other term imposed on the Vesting of the Award permits;
- (c) in relation to Vesting before the Normal Vesting Date, in accordance with Rules 10.6 and 11.5 (*Reduction in number of Vested Shares*); and
- (d) any operation of the Recovery and Withholding provisions permit.

Where, under Rule 10 (*Leavers*) or Rule 11 (*Takeovers and other corporate events*), an Award would (subject to the satisfaction of any Performance Condition) Vest before the end of the full period over which performance would be measured under any Performance Condition then, unless provided to the contrary by the Performance Condition, the extent to which the

Performance Condition has been satisfied in such circumstances shall be determined by the Committee on such reasonable basis as it decides.

### 5.3 **Restrictions on Vesting: regulatory and tax issues**

An Award shall not Vest unless and until the following conditions are satisfied:

- (a) the Vesting of the Award, and the issue or transfer of Shares after such Vesting, would be lawful in the relevant jurisdictions for that Award and in compliance with any relevant share dealing code of the Company and any other relevant regulation or enactment;
- (b) if, on the Vesting of the Award, a Tax Liability would arise by virtue of such Vesting and the Board decides that such Tax Liability shall not be satisfied by the sale of Shares pursuant to Rule 5.4 (*Payment of Tax Liability*) then the Participant must have entered into arrangements acceptable to the Board that the relevant Group Member will receive the amount of such Tax Liability; and
- (c) where the Committee requires, the Participant has entered into, or agreed to enter into, a valid election under Part 7 of ITEPA (*Employment income: elections to disapply tax charge on restricted securities*) or an election under Section 83(b) of the Internal Revenue Code in the case of US Participants or any similar arrangement in any overseas jurisdiction.

For the purposes of this Rule 5.3, references to Group Member include any former Group Member.

### 5.4 **Tax liability before Vesting**

If a Participant will, or is likely to, incur any Tax Liability before the Vesting of an Award then that Participant must enter into arrangements acceptable to any relevant Group Member to ensure that it receives the amount of such Tax Liability. If no such arrangement is made then the Participant shall be deemed to have authorised the Company to sell or procure the sale of sufficient of the Shares subject to his Award on his behalf to ensure that the relevant Group Member receives the amount required to discharge the Tax Liability and the number of Shares subject to his Award shall be reduced accordingly.

For the purposes of this Rule 5.4, references to Group Member include any former Group Member.

### 5.5 **Payment of Tax Liability**

The Participant authorises the Company to sell or procure the sale of sufficient Vested Shares on or following the Vesting of his Award on his behalf to ensure that any relevant Group Member or former Group Member receives the amount required to discharge any Tax Liability which arises on Vesting except to the extent that the Board decides that all or part of that Tax Liability shall be funded in a different manner.

## 6. **CONSEQUENCES OF VESTING**

### 6.1 **Options**

An Option shall, subject to Rule 7.1 (*Restrictions on the exercise of an Option: regulatory and tax issues*), be exercisable in respect of Vested Shares during the period commencing on the date on which an Option Vests and expiring on the eve of the 10<sup>th</sup> anniversary of the Award's Grant

Date (or such shorter period specified by the Committee on or prior to grant of the Award) subject to it lapsing earlier under Rule 10 (*Leavers*) or Rule 11 (*Takeovers and other corporate events*).

If an Option is not exercised during the last 30 days of the Exercise Period because of any regulatory restrictions referred to in Rule 7.1(a), the Committee may extend the period during which the Option (other than a Market Value Option Award held by a US Participant) may be exercised so as to permit the Option to be exercised as soon as those restrictions cease to apply for such limited period as the Committee determines appropriate.

## 6.2 **Conditional Awards**

On or as soon as reasonably practicable after the Vesting of a Conditional Award, the Board shall, subject to Rule 5.5 (*Payment of Tax Liability*) and any arrangement made under Rule 5.3(b)(*Restrictions on Vesting: regulatory and tax issues*), transfer or procure the transfer of the Vested Shares to the Participant (or a nominee for him).

## 6.3 **Delivery of dividend equivalent**

If the Committee decided under Rule 3.5 (*Treatment of dividends*) that a Participant would be entitled to the Dividend Equivalent in relation to Shares under their Award but did not decide at that time whether the Dividend Equivalent would be provided in the form of cash and/or Shares, then the Committee shall make such decision on or before the Vesting of the Award.

The Committee, acting fairly and reasonably, may decide to exclude the value of all or part of a special dividend or any other dividend from the amount of the Dividend Equivalent.

The provision of the Dividend Equivalent to the Participant shall be made as soon as practicable after the issue or transfer of Vested Shares (or such earlier time no earlier than the related Award's Vesting Date) and:

- (a) in the case of a cash payment, shall be subject to such deductions (on account of any Tax Liability or similar liabilities) as may be required by law or as the Board may reasonably consider to be necessary or desirable; or
- (b) in the case of a provision of Shares, Rule 5.3 (*Restrictions on Vesting: regulatory and tax issues*) and Rule 5.5 (*Payment of Tax Liability*) shall apply as if such provision was the Vesting of an Award.

## 7. **EXERCISE OF OPTIONS**

### 7.1 **Restrictions on the exercise of an Option: regulatory and tax issues**

An Option which has Vested may not be exercised unless the following conditions are satisfied:

- (a) the exercise of the Option and the issue or transfer of Shares after such exercise would be lawful in all relevant jurisdictions and in compliance with any relevant share dealing code of the Company and any other relevant regulation or enactment;
- (b) if, on the exercise of the Option, a Tax Liability would arise by virtue of such exercise and the Board decides that such Tax Liability shall not be satisfied by the sale of Shares pursuant to Rule 7.4 (*Payment of Tax Liability*) then the Participant must have entered into arrangements acceptable to the Board that the relevant Group Member shall receive the amount of such Tax Liability; and

- (c) where the Committee requires, the Participant has entered into, or agreed to enter into, a valid election under Part 7 of ITEPA (*Employment income: elections to disapply tax charge on restricted securities*) or any similar arrangement in any overseas jurisdiction.

For the purposes of this Rule 7.1, references to Group Member include any former Group Member.

## **7.2 Exercise in whole or part**

An Option may be exercised in whole or part in respect of no more than its aggregate number of Vested Shares.

## **7.3 Method of exercise**

The exercise of any Option shall be effected in the form and manner prescribed by the Board. Unless the Committee, acting fairly and reasonably determines otherwise, any notice of exercise shall, subject to Rule 7.1 (*Restrictions on the exercise of an Option: regulatory and tax issues*), take effect only when the Company receives it, together with payment of any relevant Option Price (or, if the Board so permits, an undertaking to pay that amount).

## **7.4 Payment of Tax Liability**

The Participant authorises the Company to sell or procure the sale of sufficient Vested Shares on or following the exercise of his Option on his behalf to ensure that any relevant Group Member receives the amount required to discharge any Tax Liability which arises on such exercise except to the extent that the Board decides that all or part of the Tax Liability shall be funded in a different manner.

## **7.5 Transfer or allotment timetable**

As soon as reasonably practicable after an Option has been exercised, the Company shall, subject to Rule 7.4 (*Payment of Tax Liability*) and any arrangement made under Rule 7.1(b) (*Restrictions on exercise: regulatory and tax issues*), transfer or procure the transfer to him (or a nominee for him) or, if appropriate, allot to him (or a nominee for him) the number of Shares in respect of which the Option has been exercised.

## **7.6 Lapse of Options**

An Option which has become exercisable shall lapse at the end of the Exercise Period to the extent it has not been exercised unless it lapses earlier under Rule 10 (*Leavers*) or Rule 11 (*Takeovers and other corporate events*).

## **8. CASH ALTERNATIVE**

### **8.1 Committee determination**

Where an Option has been exercised or where a Conditional Award Vests and Vested Shares have not yet been allotted or transferred to the Participant (or his nominee), the Committee may determine that, in substitution for his right to acquire such number of Vested Shares as the Committee may decide (but in full and final satisfaction of his right to acquire those Shares), he shall be paid by way of additional employment income a sum equal to the cash equivalent (as defined in Rule 8.3) of that number of Shares in accordance with the following provisions of this Rule 8.

## 8.2 **Limitation on the use of this Rule**

Rule 8.1 shall not apply in relation to an Award made to a Participant in any jurisdiction where the presence of Rule 8.1 would cause:

- (a) the grant of the Award to be unlawful or for it to fall outside any applicable securities law exclusion or exemption; or
- (b) adverse tax or social security contribution consequences for the Participant or any Group Member as determined by the Board.

## 8.3 **Cash equivalent**

For the purpose of this Rule 8, the cash equivalent of a Share is:

- (a) in the case of a Conditional Award, the market value of a Share on the day when the Award Vests;
- (b) in the case of an Option, the market value of a Share on the day when the Option is exercised reduced by the Option Price in respect of that Share.

Market value on any day shall be determined as follows:

- (c) if on the day of Vesting or exercise, Shares are quoted on NASDAQ, the closing price of a Share on that day; or
- (d) if Shares are not so quoted, such value of a Share as the Committee reasonably determines.

## 8.4 **Payment of cash equivalent**

As soon as reasonably practicable after the Committee has determined under Rule 8.1 that a Participant shall be paid a sum in substitution for his right to acquire any number of Vested Shares:

- (a) the Company shall pay to him or procure the payment to him of that sum in cash; and
- (b) if he has already paid the Company for those Shares, the Company shall return to him the amount so paid by him.

In the event that the terms of an Award included a condition (specified on or prior to the Award's Grant Date under Rule 3.1(b) (*Terms of grant*)) for the Participant to meet the cost of any Group Member's social security contributions in respect of his Award the Committee may reduce the sum otherwise payable under this Rule by reference to what the Participant's Tax Liability would have been if the Award had been settled in Shares.

## 8.5 **Deductions**

There shall be deducted from any payment under this Rule 8 such amounts (on account of Tax Liability or similar liabilities) as may be required by law or as the Board may reasonably consider to be necessary or desirable.

## 9. **LAPSE OF AWARDS**

An Award shall lapse:

- (a) in accordance with the Rules; or
- (b) to the extent it does not Vest under these Rules.

## 10. LEAVERS

### 10.1 Good leavers before the Normal Vesting Date – other than death

If a Participant ceases to be a director or employee of a Group Member before the Normal Vesting Date by reason of:

- (a) injury or disability evidenced to the satisfaction of the Committee;
- (b) his office or employment being with either a company which ceases to be a Group Member or relating to a business or part of a business which is transferred to a person who is not a Group Member;
- (c) termination without Cause, or resignation for Good Reason; (d) for any other reason, if the Committee so decides, then
  - (i) subject to Rule 5.3 (*Restrictions on Vesting: regulatory and tax issues*), Rule 10.8 (*Death following cessation of employment*) and Rule 11 (*Takeovers and other corporate events*), his Award shall Vest on the Normal Vesting Date and Rule 10.6 (*Leavers: reduction in number of Vested Shares*) shall apply; unless
  - (ii) the individual is a US Participant holding an Award that is not a Market Value Option Award or otherwise the Committee so decides that, subject to Rule 5.3 (*Restrictions on Vesting: regulatory and tax issues*), his Award shall Vest on the Early Vesting Date and Rule 10.6 (*Leavers: reduction in number of Vested Shares*) shall apply; and

an Award in the form of an Option which Vests under (i) or (ii) above may, subject to Rule 7.1 (*Restrictions on exercise*) and Rule 11 (*Takeovers and other corporate events*), be exercised in respect of the Vested Shares within the period of 12 months commencing on the date of Vesting (or, if shorter, until the expiry of the Exercise Period) and, to the extent that the Option is not exercised, it shall lapse at the end of that period.

### 10.2 Leavers on or after the Normal Vesting Date – other than death

If a Participant who holds an Option that is Vested ceases to be a director or employee of a Group Member on or after the Normal Vesting Date for any reason other than termination for Cause then, subject to Rule 7.1 (*Restrictions on exercise*) and Rule 11 (*Takeovers and other corporate events*), that Option shall continue to be exercisable to its Vested extent for a period of 12 months commencing on the date of cessation (or, if shorter, until the expiry of the Exercise Period) and, to the extent that the Option is not exercised, it shall lapse at the end of that period.

### 10.3 Participant's death before the Normal Vesting Date

If a Participant ceases to be a director or employee of a Group Member before the Normal Vesting Date by reason of death then subject to Rule 5.3 (*Restrictions on Vesting: regulatory and tax issues*), his Award shall Vest on the Early Vesting Date and Rule 10.6 (*Leavers: reduction in number of Vested Shares*) shall apply and any such Award in the form of an Option may, subject to Rule 7.1 (*Restrictions on exercise*) and Rule 11 (*Takeovers and other corporate*

events), be exercised in respect of the Vested Shares within the period of 12 months commencing on the date of Vesting (or, if shorter, until the expiry of the Exercise Period) and, to the extent that the Option is not exercised, it shall lapse at the end of that period.

#### **10.4 Participant's death on or after the Normal Vesting Date**

If a Participant who holds an Option ceases to be a director or employee of a Group Member on or after the Normal Vesting Date by reason of death then, subject to Rule 7.1 (*Restrictions on exercise*) and Rule 11 (*Takeovers and other corporate events*), that Option shall continue to be exercisable for a period of 12 months commencing on the date of cessation (or, if shorter, until the expiry of the Exercise Period) and to the extent that the Option is not exercised, it shall lapse at the end of that period.

#### **10.5 Cessation of employment in other circumstances**

If a Participant ceases to be a director or employee of a Group Member for any reason other than those specified in Rules 10.1 to 10.4 (*Good leavers*) or otherwise determined by the Committee under Rule 10.1(d) then any Award held by him shall lapse immediately on such cessation.

#### **10.6 Leavers: reduction in number of Vested Shares**

Where an Award Vests under this Rule 10 on or after a Participant ceasing to be a director or employee of a Group Member, the Committee shall determine the number of Vested Shares of that Award by the following steps:

- (a) applying any Performance Condition and any other condition imposed on the Vesting of the Award; and
- (b) solely in the case of Rule 10.1(d), applying a pro rata reduction to the number of Shares determined under 10.6(a) based on the period of time after the Grant Date and ending on the date of cessation relative to the Normal Vesting Period.

If an Award Vests under any of Rules 11.1 to 11.3 when the holder of that Award has ceased to be a director or employee of a Group Member then this Rule 10.6 shall take precedence over Rule 11.5.

#### **10.7 Meaning of ceasing employment**

A Participant shall not be treated for the purposes of this Rule 10 as ceasing to be a director or employee of a Group Member until such time as he is no longer a director or employee of any Group Member. If any Participant ceases to be such a director or employee before the Vesting of his Award in circumstances where he retains a statutory right to return to work then he shall be treated as not having ceased to be such a director or employee until such time (if at all) as he ceases to have such a right to return to work while not acting as an employee or director.

The reason for the termination of office or employment of a Participant shall be determined by reference to Rules 10.1 to 10.5 regardless of whether such termination was lawful or unlawful.

#### **10.8 Death following cessation of employment**

If a Participant dies following cessation of employment in circumstances where his Award did not lapse but it has not Vested by the time of his death, it shall Vest immediately on his death to the extent determined by reference to the time of cessation in accordance with Rule 10.1(d)(ii).



An Award in the form of an Option that Vests under this Rule may, subject to Rule 7.1 (*Restrictions on exercise*) and Rule 11 (*Takeovers and other corporate events*), be exercised in respect of the Vested Shares within the period of 12 months commencing on the date of Vesting (or, if shorter, until the expiry of the Exercise Period) and, to the extent that the Option is not exercised, it shall lapse at the end of that period.

#### 10.9 Deferred Share Bonus Awards

Notwithstanding any other provision in this Rule 10, Deferred Share Bonus Awards shall Vest in full immediately upon cessation of employment, except that:

- (a) if such cessation is due to the Participant's voluntary resignation without Good Reason, then the Committee may in its reasonable discretion determine the extent to which such Award shall Vest, if at all; and
- (b) in case of termination for Cause, such Awards shall lapse immediately.

### 11. TAKEOVERS AND OTHER CORPORATE EVENTS

#### 11.1 General offers

In the event that any person (or group of persons acting in concert):

- (a) obtains Control of the Company as a result of making a general offer to acquire Shares; or
- (b) having obtained Control of the Company makes such an offer and such offer becomes unconditional in all respects then, subject to Rule 11.4 (*Internal reorganisations*), the following provisions shall apply:
  - (i) subject to Rule 5.3 (*Restrictions on Vesting: regulatory and tax issues*), all Awards shall Vest on the date of such event if they have not then Vested and Rule 11.5 (*Corporate events: reduction in number of Vested Shares*) shall apply; and
  - (ii) any Option may, subject to Rule 7.1 (*Restrictions on exercise*), be exercised within one month of the date of such event (or, if shorter, until the expiry of the Exercise Period), but to the extent that an Option is not exercised within that period, that Option shall (regardless of any other provision of the Plan) lapse at the end of that period.

#### 11.2 Schemes of arrangement and winding up

In the event that:

- (a) a compromise or arrangement is sanctioned by the Court under section 899 of the Companies Act 2006 in connection with or for the purposes of a change in Control of the Company; or
- (b) the Company passes a resolution for a voluntary winding up of the Company; or
- (c) an order is made for the compulsory winding up of the Company

all Awards shall, subject to Rule 5.3 (*Restrictions on Vesting: regulatory and tax issues*) and Rule 11.4 (*Internal reorganisations*), Vest on the date of such event if they have not then Vested and Rule 11.5 (*Corporate events: reduction in number of Vested Shares*) shall apply.

If an event as described in this Rule occurs then an Option may, subject to Rule 7.1 (*Restrictions on exercise*) and Rule 11.4 (*Internal reorganisations*), be exercised within one month of such event (or, if shorter, until the expiry of the Exercise Period), but to the extent that the Option is not exercised within that period, it shall (regardless of any other provision of the Plan) lapse at the end of that period.

### 11.3 Demergers and similar events

If a demerger, special dividend or other similar event (the “**Relevant Event**”) is proposed which, in the opinion of the Committee, would affect the market price of Shares to a material extent, then the Committee may, at its discretion, decide that the following provisions shall apply:

- (a) the Committee shall, as soon as reasonably practicable after deciding to apply these provisions, notify a Participant that, subject to earlier lapse under Rule 10 (*Leavers*), his Award Vests and, if relevant, his Option may, subject to Rule 7.6 (*Lapse of Options*) and Rule 10 (*Leavers*), be exercised on such terms as the Committee may determine and during such period preceding the Relevant Event or on the Relevant Event as the Committee may determine and shall (regardless of any other provision of the Plan) lapse at the end of that period to the extent unexercised;
- (b) if an Award Vests, or an Option is exercised, conditional upon the Relevant Event and such event does not occur then the conditional Vesting or exercise shall not be effective and the Award shall continue to subsist; and
- (c) if the Committee decides that an Award Vests under this Rule 11.3 then the date of that Vesting shall be the Early Vesting Date and the provisions of Rule 11.5 (*Corporate events: reduction in number of Vested Shares*) shall apply.

### 11.4 Internal reorganisations

In the event that:

- (a) a company (the “**Acquiring Company**”) is expected to obtain Control of the Company as a result of an offer referred to in Rule 11.1 (*General offers*) or a compromise or arrangement referred to in Rule 11.2(a) (*Schemes of arrangement and winding up*); and
- (b) at least 75% of the shares in the Acquiring Company are expected to be held by substantially the same persons who immediately before the obtaining of Control of the Company were shareholders in the Company

then the Committee, with the consent of the Acquiring Company, may decide before the obtaining of such Control that an Award shall not Vest under Rule 11.1 or Rule 11.2 but shall be automatically surrendered in consideration for the grant of a new award which the Committee determines is equivalent to the Award (including as to any Performance Condition) it replaces except that it will be over shares in the Acquiring Company or some other company.

The Rules will apply to any new award granted under this Rule 11.4 as if references to Shares were references to shares over which the new award is granted and references to the Company were references to the company whose shares are subject to the new award.

### 11.5 Corporate events: reduction in number of Vested Shares

If an Award Vests under any of Rules 11.1 to 11.3, the Committee shall determine the number of Vested Shares of that Award by applying any Performance Condition and any other condition

imposed on the Vesting of the Award on such basis as the Remuneration Committee considers appropriate (which may include regard to forecasted performance).

## 12. ADJUSTMENT OF AWARDS

### 12.1 General rule

In the event of:

- (a) any variation of the share capital of the Company; or
  - (b) a demerger, special dividend or other similar event which affects the market price of Shares to a material extent
- the Committee shall make such adjustments as appropriate under Rule 12.2 (*Method of adjustment*).

### 12.2 Method of adjustment

An adjustment made under this Rule shall be to one or more of the following:

- (a) the number of Shares comprised in an Award;
- (b) subject to Rule 12.3 (*Adjustment below nominal value*), the Option Price; and
- (c) where any Award has Vested or Option has been exercised but no Shares have been transferred or allotted after such Vesting or exercise, the number of Shares which may be so transferred or allotted and (if relevant) the price at which they may be acquired.

### 12.3 Adjustment below nominal value

An adjustment under Rule 12.2 may have the effect of reducing the price at which Shares may be subscribed for on the exercise of an Option to less than their nominal value, but only if and to the extent that the Board is authorised:

- (a) to capitalise from the reserves of the Company a sum equal to the amount by which the nominal value of the Shares in respect of which the Option is exercised and which are to be allotted after such exercise exceeds the price at which the Shares may be subscribed for; and
- (b) to apply that sum in paying up such amount on such Shares

so that on exercise of any Option in respect of which such a reduction shall have been made the Board shall capitalise that sum (if any) and apply it in paying up that amount.

## 13. RECOVERY AND WITHHOLDING

### 13.1 Applicability of Recovery and Withholding

This Rule 13 shall apply to Awards regardless of any other provisions of the Plan.

### 13.2 Events that can lead to Recovery and Withholding: Awards other than Deferred Bonus Awards

In the case of a Performance Share Award, Deferred Share Award or Market Value Option, the Committee may decide at any time within the three year period commencing on the date on

which an Award Vests (the "**Relevant Discovery Period**") that the individual to whom the Award was granted (the "**Relevant Individual**") shall be subject to Recovery and Withholding in respect of such Award if the Committee forms the view that:

- (a) there has been a material misstatement (including any omission) in the Company's financial statements and such misstatement resulted either directly or indirectly in that Award Vesting to a greater degree than would have been the case had that misstatement not been made;
- (b) in assessing any Performance Condition and/or any other condition imposed on the Award such assessment was based on an error, or on inaccurate or misleading information or assumptions and that such error, information or assumptions resulted either directly or indirectly in that Award Vesting to a greater degree than would otherwise have been the case had that error not been made; or
- (c) the Relevant Individual ceases to be a director or employee of a Group Member (as defined in Rule 10.7) for Cause on the part of that individual or the Committee is of the view that the relevant individual could have been summarily terminated for Cause in each case in relation to an act or acts preceding the Vesting of the Award.

### **13.3 Events that can lead to Recovery and Withholding: Deferred Bonus Awards**

In the case of a Deferred Bonus Award, the Committee may decide at any time within the three year period commencing on the Award's Grant Date (the "**Relevant Discovery Period**") that the individual to whom the Award was granted (the "**Relevant Individual**") shall be subject to Recovery and Withholding in respect of such Award if the Committee forms the view that:

- (a) there has been a material misstatement (including any omission) in the Company's financial statements and such misstatement resulted either directly or indirectly in that Award being granted over a greater number of Shares than would have been the case had that misstatement not been made;
- (b) in assessing any bonus metric and/or any other condition imposed on the Bonus in relation to which the Award was granted such assessment was based on an error, or on inaccurate or misleading information or assumptions and that such error, information or assumptions resulted either directly or indirectly in the Award being granted over a greater number of Shares than would otherwise have been the case had that error not been made; or
- (c) the Relevant Individual ceases to be a director or employee of a Group Member (as defined in Rule 10.7) for Cause on the part of that individual or the Committee is of the view that the relevant individual could have been summarily terminated for Cause in each case in relation to an act or acts preceding the grant (or Vesting if relevant) of the Award.

### **13.4 Amount to be subject to Recovery and Withholding**

The Committee shall determine the amount to be subject to Recovery and Withholding which:

- (a) where Rule 13.2(a) and/or (b) applies, shall be all or part of the additional value which the Committee considers has Vested to and/or was otherwise received by the Relevant Individual in the circumstances referred to in those Rules;
- (b) where Rule 13.3(a) and/or (b) applies, shall be all or part of the additional value or number Shares in relation to which the Committee considers was granted under the Award and/or was otherwise received by the Relevant Individual in the circumstances referred to in those Rules;

- (c) where Rule 13.2(c) or Rule 13.4(c) applies, shall be all or part of such value which the Committee determines would have not Vested and/or would have not otherwise been received or granted under the Award had the Award lapsed in full in connection with the Cause or otherwise not have been granted.

Any determinations under this Rule 13.4 shall be on such basis as the Committee reasonably decides and must be completed by the Committee no later than the second anniversary of the end of the Relevant Discovery Period.

If the Relevant Individual has ceased to be a director or employee of a Group Member (as defined in Rule 10.7) when the Recovery and Withholding is applied, or ceases to be such a director or employee before the Recovery and Withholding has been satisfied in full, then the amount (or remaining amount if applicable) subject to Recovery and Withholding shall be limited to the net (post-tax) amount of such additional value.

### **13.5 Satisfaction of the Recovery and Withholding**

The Recovery and Withholding shall be satisfied as set out in Rules 13.5(a) and/or 13.5(b).

- (a) The Committee may reduce (including, if appropriate, reducing to zero) any of the following elements of the remuneration of the Relevant Individual:
- (i) the amount of any future bonus which would, but for the operation of the Recovery and Withholding, be payable to the Relevant Individual in respect of any relevant financial year under any bonus plan operated by any Group Member; and/or
  - (ii) the number of Shares subject to any future Awards that were proposed to be granted to the Relevant Individual under the Plan; and/or
- (b) The Committee may require the relevant individual to pay to such Group Member as the Committee may direct, and on such terms as the Committee may direct (including, but without limitation to, on terms that the relevant amount is to be deducted or withheld from the Relevant Individual's salary or from any other payment to be made to the Relevant Individual by any Group Member), such amount as is required for the Recovery and Withholding to be satisfied in full.

Any reduction made pursuant to Rule 13.5(a)(ii) and/or (iii) shall be made at such time or times as the Committee determines appropriate and which, in the case of unvested awards, shall be at the time they would otherwise ordinarily vest unless the Committee decides otherwise.

### **13.6 Reduction in Awards to give effect to recovery and withholding provisions in other plans**

The Committee may decide at any time to reduce the number of Shares subject to any future Award (including, if appropriate, reducing to zero) to give effect to recovery and withholding provisions of any form and/or name contained in any incentive plan or any bonus plan operated by any Group Member. The value of the reduction shall be in accordance with the terms of the relevant provisions of the relevant plan or, in the absence of any such term, on such basis as the Committee, acting fairly and reasonably, decides is appropriate.

### **13.7 Compliance with law**

Notwithstanding Rules 13.1 to 13.6, to the extent and in the manner required by applicable law (including without limitation Section 304 of the Sarbanes-Oxley Act) and/or the rules and regulations of NASDAQ or other securities exchange or inter-dealer quotation system on which the Company's Ordinary Shares are listed or quoted (collectively, the "Rules"), awards shall be

subject (including on a retroactive basis for a maximum of up to eighteen months) to, in order of action: first, forfeiture or similar requirements set forth in such Rules, and if not possible because such amounts are insufficient, clawback (and such requirements shall be deemed incorporated by reference into the Plan).

## 14. ALTERATIONS

### 14.1 General rule on alterations

Except as described in Rule 14.2 (*Shareholder approval*) and Rule 14.4 (*Alterations to disadvantage of Participants*) the Committee may at any time alter the Plan or the terms of any Award.

### 14.2 Shareholder approval

Except as described in Rule 14.3 (*Exceptions to shareholder approval*), no alteration to the advantage of an individual to whom an Award has been or may be granted shall be made under Rule 14.1 to the provisions concerning:

- (a) eligibility;
- (b) the individual limits on participation;
- (c) the overall limits on the issue of Shares or the transfer of treasury Shares;
- (d) the basis for determining a Participant's entitlement to, and the terms of, Shares or cash provided under the Plan;
- (e) the adjustments that may be made in the event of any variation of capital; and
- (f) the terms of this Rule 14.2

without the prior approval by ordinary resolution of the members of the Company in general meeting.

### 14.3 Exceptions to shareholder approval

Rule 14.2 (*Shareholder approval*) shall not apply to:

- (a) any minor alteration to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or any Group Member; or
- (b) any alteration relating to the Performance Condition made under Rule 14.5.

### 14.4 Alterations to disadvantage of Participants

No alteration to the material disadvantage of Participants (other than a change to any Performance Condition) shall be made under Rule 14.1 unless:

- (a) the Board shall have invited every relevant Participant to indicate whether or not he approves the alteration; and
- (b) the alteration is approved by a majority of those Participants who have given such an indication.

#### **14.5 Alterations to a Performance Condition**

The Committee may amend any Performance Condition without prior shareholder approval if:

- (a) an unexpected event (whether corporate or external) has occurred which causes the Committee reasonably to consider that it would be appropriate to amend the Performance Condition;
- (b) the altered Performance Condition will, in the fair and reasonable opinion of the Committee, be not materially more or less difficult to satisfy than the unaltered Performance Condition would have been but for the event in question; and
- (c) the Committee shall act fairly and reasonably and consult Participants in making the alteration.

#### **14.6 Discontinuance, Cancellation, Amendment and Termination**

The Committee may at any time discontinue granting Awards under the Plan and with the consent of the Participant, may at any time cancel an existing Award in whole or in part.

### **15. MISCELLANEOUS**

#### **15.1 Employment**

The rights and obligations of any individual under the terms of his office or employment with any Group Member shall not be affected by his participation in the Plan or any right which he may have to participate in it. An individual who participates in the Plan waives any and all rights to compensation or damages in consequence of the termination of his office or employment for any reason whatsoever insofar as those rights arise or may arise from him ceasing to have rights under an Award as a result of such termination. Participation in the Plan shall not confer a right to continued employment upon any individual who participates in it. The grant of any Award does not imply that any further Award will be granted nor that a Participant has any right to receive any further Award.

#### **15.2 Disputes**

In the event of any dispute or disagreement as to the interpretation of the Plan, or as to any question or right arising from or relating to the Plan, the decision of the Committee shall be final and binding upon all persons.

#### **15.3 Exercise of powers and discretions**

The exercise of any power or discretion by the Committee shall not be open to question by any person and a Participant or former Participant shall have no rights in relation to the exercise of or omission to exercise any such power or discretion.

#### **15.4 Share rights**

All Shares allotted under the Plan shall rank equally in all respects with Shares then in issue except for any rights attaching to such Shares by reference to a record date before the date of the allotment.

Where Vested Shares are transferred to Participants (or their nominee) Participants shall be entitled to all rights attaching to such Shares by reference to a record date on or after the date of such transfer or release of such restrictions.

## 15.5 Notices

Any notice or other communication under or in connection with the Plan may be given:

- (a) by personal delivery or by internal or ordinary post, in the case of a company to the company secretary at its registered office or to such other address as may from time to time be notified to an individual, and in the case of an individual to his last known address, or, where he is a director or employee of a Group Member, either to his last known address or to the address of the place of business at which he performs the whole or substantially the whole of the duties of his office or employment;
- (b) in an electronic communication to their usual business address or such other address for the time being notified for that purpose to the person giving the notice; or
- (c) by such other method as the Board determines.

Where a notice or document is sent to an eligible employee or Participant by ordinary or internal post, it shall be treated as being received 72 hours after it was put into the post properly addressed and, where relevant, stamped. In all other cases, the notice or document shall be treated as received when it is given. A notice or document sent to the Company shall only be effective once it is received by the Company, unless otherwise agreed by the Company. All notices and documents given or sent to the Company shall be given or sent at the risk of the sender.

## 15.6 Third parties

No third party has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Plan.

## 15.7 Benefits not pensionable

Benefits provided under the Plan shall not be pensionable.

## 15.8 Data Protection

Each Participant consents to the collection, processing and transfer of his personal data for any purpose relating to the operation of the Plan. This includes:

- (a) providing personal data to any Group Member and any third party such as trustees of any employee benefit trust, administrators of the Plan, registrars, brokers and any of their respective agents;
- (b) processing of personal data by any such Group Member or third party;
- (c) transferring personal data to a country outside the European Economic Area (including a country which does not have data protection laws equivalent to those prevailing in the European Economic Area); and
- (d) providing personal data to potential purchasers of the Company, the Participant's employer or the business in which the Participant works.

## 15.9 Overseas Plans

The Committee may establish further plans based on the Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the Plan.



#### 15.10 **Governing law**

The Plan and all Awards shall be governed by and construed in accordance with the law of England and Wales and the Courts of England and Wales have exclusive jurisdiction to hear any dispute.

BORROWER NAME: FERROGLOBE PLC - SYNDICATED LNS  
DEAL CUSIP: G3385UAA3  
FACILITY CUSIP: G3385UAB1

\$250,000,000 REVOLVING CREDIT FACILITY

CREDIT AGREEMENT

by and among

FERROGLOBE PLC,  
as the Borrower

THE GUARANTORS PARTY HERETO

and

THE LENDERS PARTY HERETO

PNC BANK, NATIONAL ASSOCIATION, as Administrative Agent

PNC BANK, NATIONAL ASSOCIATION, as Issuing Lender and Swing Loan Lender

PNC CAPITAL MARKETS LLC, CITIZENS BANK, NATIONAL ASSOCIATION and BMO  
CAPITAL MARKETS CORP.,  
as Joint Lead Arrangers and Bookrunners

CITIZENS BANK, NATIONAL ASSOCIATION, as Syndication Agent

BMO CAPITAL MARKETS CORP., as Documentation Agent

Dated as of February 27, 2018

---

## TABLE OF CONTENTS

	<u>Page</u>
1. CERTAIN DEFINITIONS	1
1.1 Certain Definitions.	1
1.2 Construction.	42
1.3 Accounting Principles; Changes in IFRS	42
1.4 Currency Calculations	43
1.5 Pro Forma Computations	43
2. REVOLVING CREDIT AND SWING LOAN FACILITIES	44
2.1 Revolving Credit Commitments.	44
2.1.1 Revolving Credit Loans; Optional Currency Loans.	44
2.1.2 Swing Loan Commitment.	44
2.2 Nature of Lenders' Obligations with Respect to Revolving Credit Loans.	44
2.3 Commitment Fees.	44
2.4 Termination or Reduction of Revolving Credit Commitments.	45
2.5 Revolving Credit Loan Requests; Swing Loan Requests.	45
2.5.1 Revolving Credit Loan Requests.	45
2.5.2 Swing Loan Requests.	46
2.6 Making Revolving Credit Loans and Swing Loans; Presumptions by the Administrative Agent; Repayment of Revolving Credit Loans; Borrowings to Repay Swing Loans.	46
2.6.1 Making Revolving Credit Loans.	46
2.6.2 Presumptions by the Administrative Agent	46
2.6.3 Making Swing Loans.	47
2.6.4 Repayment of Revolving Credit Loans	47
2.6.5 Borrowings to Repay Swing Loans.	47
2.6.6 Swing Loans Under Cash Management Agreements.	48
2.7 Notes.	48
2.8 Use of Proceeds	48
2.9 Letter of Credit Subfacility	48
2.9.1 Issuance of Letters of Credit	48
2.9.2 Letter of Credit Fees.	50
2.9.3 Disbursements, Reimbursement	50
2.9.4 Repayment of Participation Advances.	52
2.9.5 Documentation.	52
2.9.6 Determinations to Honor Drawing Requests.	52
2.9.7 Nature of Participation and Reimbursement Obligations.	53
2.9.8 Indemnity	54
2.9.9 Liability for Acts and Omissions.	54
2.9.10 Issuing Lender Reporting Requirements.	56
2.10 Defaulting Lenders	56
2.11 Utilization of Commitments in Optional Currencies.	58

2.11.1	Periodic Computations of Dollar Equivalent Amounts of Revolving Credit Loans that are Optional Currency Loans and Letters of Credit Outstanding; Repayment in Same Currency	58
2.11.2	European Monetary Union.	58
2.12	Extensions of the Expiration Date.	59
2.12.1	First Request; Approval by All Lenders.	59
2.12.2	Second Request; Approval by All Lenders.	59
2.12.3	Approval by Required Lenders.	60
3.	Increase in Revolving Credit Commitments	60
3.1	Increasing Lenders and New Lenders.	60
3.2	Treatment of Outstanding Loans and Letters of Credit	61
4.	INTEREST RATES	62
4.1	Interest Rate Options	62
4.1.1	Revolving Credit Interest Rate Options.	62
4.1.2	Swing Loan Interest	62
4.1.3	Rate Calculations; Rate Quotations.	62
4.2	Interest Periods	63
4.2.1	Amount of Borrowing Tranche	63
4.2.2	Renewals.	63
4.2.3	No Conversion of Optional Currency Loans.	63
4.3	Interest After Default	63
4.3.1	Letter of Credit Fees, Interest Rate	63
4.3.2	Other Obligations.	63
4.3.3	Acknowledgment	63
4.4	Rates Unascertainable; Illegality; Increased Costs; Deposits Not Available; Optional Currency Not Available	64
4.4.1	Unascertainable	64
4.4.2	Illegality; Increased Costs.	64
4.4.3	Optional Currency Not Available	64
4.4.4	Administrative Agent's and Lender's Rights.	64
4.5	Termination of LIBOR	65
4.6	Selection of Interest Rate Options	66
5.	PAYMENTS	66
5.1	Payments.	66
5.2	Pro Rata Treatment of Lenders.	67
5.3	Sharing of Payments by Lenders.	67
5.4	Presumptions by Administrative Agent	68
5.5	Interest Payment Dates.	68
5.6	Voluntary Prepayments.	69
5.6.1	Right to Prepay	69
5.6.2	Reserved.	70
5.6.3	Designation of a Different Lending Office	70
5.7	Mandatory Prepayment for Currency Fluctuations	70
5.8	Increased Costs.	70

5.8.1	Increased Costs Generally	70
5.8.2	Capital Requirements.	71
5.8.3	Certificates for Reimbursement; Repayment of Outstanding Loans; Borrowing of New Loans.	71
5.8.4	Delay in Requests.	71
5.8.5	Additional Reserve Requirements.	71
5.9	Taxes.	72
5.9.1	Issuing Lender	72
5.9.2	Payments Free of Taxes.	72
5.9.3	Payment of Other Taxes by the Loan Parties.	73
5.9.4	Indemnification by the Loan Parties.	73
5.9.5	Indemnification by the Lenders.	74
5.9.6	VAT Reimbursement	74
5.9.7	VAT Indemnification.	74
5.9.8	Evidence of Payments.	74
5.9.9	Status of Lenders.	75
5.9.10	Treatment of Certain Refunds	75
5.9.11	Survival.	76
5.10	Indemnity	76
5.11	Settlement Date Procedures.	76
5.12	Currency Conversion Procedures for Judgments.	77
5.13	Indemnity in Certain Events	77
6.	REPRESENTATIONS AND WARRANTIES	77
6.1	Representations and Warranties.	77
6.1.1	Organization and Qualification; Power and Authority; Compliance With Laws; Title to Properties; Event of Default	77
6.1.2	Subsidiaries and Owners; Investment Companies	78
6.1.3	Validity and Binding Effect	78
6.1.4	No Conflict; Material Agreements; Consents.	78
6.1.5	Litigation.	79
6.1.6	Financial Statements	79
6.1.7	Margin Stock.	80
6.1.8	Senior Debt Status.	80
6.1.9	Labor Matters.	80
6.1.10	Non-US Loan Parties.	80
6.1.11	Brokers, etc	81
6.1.12	Full Disclosure	82
6.1.13	Taxes.	82
6.1.14	Patents, Trademarks, Copyrights, Licenses, Etc	82
6.1.15	Liens in the Collateral	83
6.1.16	Insurance	83
6.1.17	Pension Compliance	83
6.1.18	Environmental Matters.	84
6.1.19	Solvency	84
6.1.20	Anti-Terrorism Laws.	85
6.1.21	Centre of Main Interests and Establishments.	85

6.1.22	Anti-Corruption Law	85
6.2	Updates to Schedules.	85
7.	CONDITIONS OF LENDING AND ISSUANCE OF LETTERS OF CREDIT	85
7.1	First Loans and Letters of Credit	85
7.1.1	Deliveries.	85
7.1.2	No Material Adverse Change	87
7.1.3	Payment of Fees	87
7.2	Each Loan or Letter of Credit	88
8.	COVENANTS	88
8.1	Affirmative Covenants.	89
8.1.1	Preservation of Existence, Etc	89
8.1.2	Payment of Liabilities, Including Taxes, Etc	89
8.1.3	Maintenance of Insurance	89
8.1.4	Maintenance of Properties.	89
8.1.5	Visitation Rights.	90
8.1.6	Keeping of Records and Books of Account	90
8.1.7	Compliance with Laws; Use of Proceeds.	90
8.1.8	Further Assurances.	90
8.1.9	Anti-Terrorism Laws; International Trade Law Compliance	90
8.1.10	Keepwell	91
8.1.11	Post-Closing Covenant	91
8.2	Negative Covenants.	91
8.2.1	Indebtedness.	91
8.2.2	Liens; Lien Covenants	94
8.2.3	[Reserved]	94
8.2.4	Loans, Guaranties and Investments.	94
8.2.5	Restricted Payments.	96
8.2.6	Liquidations, Mergers, Consolidations.	98
8.2.7	Dispositions of Assets or Subsidiaries.	99
8.2.8	Affiliate Transactions.	101
8.2.9	Subsidiaries, Partnerships and Joint Ventures.	101
8.2.10	Continuation of or Change in Business	104
8.2.11	Fiscal Year	104
8.2.12	[Reserved]	104
8.2.13	Changes in Organizational Documents	104
8.2.14	Capital Expenditures and Leases.	105
8.2.15	Sale and Leaseback Transactions	105
8.2.16	Maximum Net Total Leverage Ratio.	105
8.2.17	Minimum Interest Coverage Ratio.	105
8.2.18	UK Pensions.	105
8.2.19	Limitation on Negative Pledges.	105
8.3	Reporting Requirements.	106
8.3.1	Quarterly Financial Statements.	106
8.3.2	Annual Financial Statements.	106
8.3.3	Certificates of the Borrower	106

8.3.4	Notices.	107
9.	DEFAULT	108
9.1	Events of Default	108
9.1.1	Failure to Pay	108
9.1.2	Breach of Warranty	108
9.1.3	Reserved.	108
9.1.4	Breach of Negative Covenants, Visitation Rights or Anti-Terrorism Laws	108
9.1.5	Breach of Other Covenants.	109
9.1.6	Defaults under 2022 Notes or Other Agreements or Indebtedness	109
9.1.7	Final Judgments or Orders.	109
9.1.8	Loan Document Unenforceable	109
9.1.9	Uninsured Losses; Proceedings Against Assets.	109
9.1.10	Events Relating to Pension Plans and Multiemployer Plans.	109
9.1.11	Change of Control	110
9.1.12	Insolvency Proceedings.	110
9.2	Consequences of Event of Default	110
9.2.1	Events of Default Other Than Bankruptcy, Insolvency or Reorganization Proceedings.	110
9.2.2	Bankruptcy, Insolvency or Reorganization Proceedings.	110
9.2.3	Set-off	110
9.2.4	Application of Proceeds	111
10.	THE ADMINISTRATIVE AGENT	112
10.1	Appointment and Authority	112
10.2	Rights as a Lender	112
10.3	Exculpatory Provisions.	113
10.4	Reliance by Administrative Agent	113
10.5	Delegation of Duties.	114
10.6	Resignation of Administrative Agent	114
10.7	Non-Reliance on Administrative Agent and Other Lenders.	115
10.8	No Other Duties, etc	116
10.9	Administrative Agent's Fee	116
10.10	Authorization to Release Collateral and Guarantors.	116
10.11	No Reliance on Administrative Agent's Customer Identification Program	116
10.12	Agent for French Collateral Documents and Related Matters.	116
11.	MISCELLANEOUS	117
11.1	Modifications, Amendments or Waivers.	117
11.1.1	Increase of Commitment	117
11.1.2	Extension of Payment; Reduction of Principal, Interest or Fees; Modification of Terms of Payment	117
11.1.3	Release of Collateral or Guarantor	117
11.1.4	Miscellaneous.	117
11.2	No Implied Waivers; Cumulative Remedies.	118
11.3	Expenses; Indemnity; Damage Waiver	118
11.3.1	Costs and Expenses.	118

11.3.2	Indemnification by the Borrower	119
11.3.3	Reimbursement by Lenders.	120
11.3.4	Waiver of Consequential Damages, Etc	120
11.3.5	Payments.	120
11.4	Holidays.	120
11.5	Notices; Effectiveness; Electronic Communication.	121
11.5.1	Notices Generally	121
11.5.2	Electronic Communications.	121
11.5.3	Change of Address, Etc	121
11.6	Severability	121
11.7	Duration; Survival	122
11.8	Successors and Assigns	122
11.8.1	Successors and Assigns Generally	122
11.8.2	Assignments by Lenders.	122
11.8.3	Register	124
11.8.4	Participations.	124
11.8.5	Certain Pledges; Successors and Assigns Generally	125
11.9	Confidentiality	126
11.9.1	General	126
11.9.2	Sharing Information With Affiliates of the Lenders.	126
11.10	Counterparts; Integration; Effectiveness	127
11.10.1	Counterparts; Integration; Effectiveness	127
11.11	CHOICE OF LAW; SUBMISSION TO JURISDICTION; WAIVER OF VENUE; SERVICE OF PROCESS; WAIVER OF JURY TRIAL	127
11.11.1	Governing Law	127
11.11.2	SUBMISSION TO JURISDICTION	127
11.11.3	WAIVER OF VENUE.	128
11.11.4	SERVICE OF PROCESS	128
11.11.5	WAIVER OF JURY TRIAL	128
11.12	USA PATRIOT Act Notice	129
11.13	Acknowledgement and Consent to Bail-In of EEA Financial Institutions.	129
11.14	Replacement of a Lender	129
12.	THE UK SECURITY TRUSTEE	130
12.1	UK Security Trustee as Trustee	130
12.2	Enforcement through UK Security Trustee only	131
12.3	Instructions	131
12.4	Duties of the UK Security Trustee	132
12.5	No Fiduciary Duties to the Borrower	132
12.6	No Duty to Account	133
12.7	Business with the Borrower and its Subsidiaries.	133
12.8	Rights and Discretions.	133
12.9	Responsibility for Documentation.	134
12.10	No Duty to Monitor	135
12.11	Exclusion of Liability	135
12.12	Secured Parties' indemnity to the UK Security Trustee	136
12.13	Resignation of the UK Security Trustee	137



12.14	Confidentiality	137
12.15	Information from the Secured Parties.	137
12.16	Credit Appraisal by the Lenders.	138
12.17	No responsibility to perfect UK Collateral	138
12.18	Insurance by UK Security Trustee	139
12.19	Custodians and nominees.	139
12.20	Delegation by the UK Security Trustee	139
12.21	Additional UK Security Trustees	139
12.22	Acceptance of title	140
12.23	Winding up of trust	140
12.24	Releases	140
12.25	Powers supplemental to Trustee Acts.	140
12.26	Disapplication of Trustee Acts	140
12.27	Section 12 Governing Law	141
13.	THE SPANISH SECURITY AGENT	141
13.1	Appointment of the Spanish Security Agent	141
13.2	Power of Attorney	141
13.3	Duties of the Spanish Security Agent	141
13.4	No fiduciary duties.	142
13.5	Instructions to Spanish Security Agent and Exercise of Discretion.	142
13.6	No Responsibility to perfect security	142
13.7	Spanish Security Agent's Actions.	143
13.8	Spanish Security Agent's Discretions	143
13.9	Spanish Security Agent's Obligations.	143
13.10	Excluded Obligations.	143
13.11	Exclusion of Liability	144
13.12	Own Responsibility	144
13.13	Acceptance of Title	145
13.14	Release of rights	145

#### LIST OF SCHEDULES AND EXHIBITS

##### SCHEDULES

SCHEDULE 1.1(A)	-	PRICING GRID
SCHEDULE 1.1(B)	-	COMMITMENTS OF LENDERS AND ADDRESSES FOR NOTICES
SCHEDULE 1.1(D)	-	INITIAL DOMESTIC GUARANTORS
SCHEDULE 1.1(E)	-	EXISTING LETTERS OF CREDIT
SCHEDULE 1.1(F)	-	INITIAL FOREIGN GUARANTORS
SCHEDULE 1.1(H)	-	PERMITTED HOLDERS
SCHEDULE 1.1(P)	-	EXISTING LIENS
SCHEDULE 6.1.2	-	SUBSIDIARIES

SCHEDULE 7.1.1	-	OPINION OF COUNSEL
SCHEDULE 8.1.3	-	INSURANCE REQUIREMENTS RELATING TO COLLATERAL
SCHEDULE 8.1.11	-	POST-CLOSING MATTERS
SCHEDULE 8.2.1	-	EXISTING INDEBTEDNESS
SCHEDULE 8.2.4	-	EXISTING INVESTMENT COMMITMENTS
SCHEDULE 8.2.8	-	AFFILIATE TRANSACTIONS

EXHIBITS

EXHIBIT 1.1(A)	-	ASSIGNMENT AND ASSUMPTION AGREEMENT
EXHIBIT 1.1(G)(1)	-	GUARANTOR JOINDER
EXHIBIT 1.1(G)(2)	-	GUARANTY AGREEMENT
EXHIBIT 1.1(I)(2)	-	INTERCOMPANY SUBORDINATION AGREEMENT
EXHIBIT 1.1(N)(1)	-	REVOLVING CREDIT NOTE
EXHIBIT 1.1(N)(2)	-	SWING LOAN NOTE
EXHIBIT 1.1(IP)	-	PATENT, TRADEMARK AND COPYRIGHT SECURITY AGREEMENT
EXHIBIT 1.1(P)(1)	-	UK PLEDGE AGREEMENT
EXHIBIT 1.1(P)(2)	-	SPANISH PLEDGE AGREEMENT
EXHIBIT 1.1(P)(3)	-	FRENCH PLEDGE AGREEMENT
EXHIBIT 1.1(S)(1)	-	US SECURITY AGREEMENT
EXHIBIT 1.1(S)(2)	-	UK SECURITY AGREEMENT
EXHIBIT 1.1(S)(3)	-	SPANISH SECURITY AGREEMENT
EXHIBIT 2.5.1	-	LOAN REQUEST
EXHIBIT 2.5.2	-	SWING LOAN REQUEST
EXHIBIT 3.1	-	NEW LENDER JOINDER
EXHIBIT 8.3.3	-	QUARTERLY COMPLIANCE CERTIFICATE

## CREDIT AGREEMENT

THIS CREDIT AGREEMENT (as hereafter amended, this "Agreement") is dated as of February 27, 2018 and is made by and among:

- (i) FERROGLOBE PLC, a public limited company organized under the laws of England and Wales with a registered address at 5 Fleet Place, London EC4M 7RD, United Kingdom and registered number 09425113 (the "Borrower");
- (ii) each of the GUARANTORS (as hereinafter defined) party hereto from time to time;
- (iii) each of the LENDERS (as hereinafter defined) party hereto from time to time;
- (iv) PNC BANK, NATIONAL ASSOCIATION, in its capacity as administrative agent for the Lenders under this Agreement (in such capacity as the "Administrative Agent");
- (v) PNC BANK, NATIONAL ASSOCIATION, in its capacity as an Issuing Lender (hereinafter defined); and
- (vi) PNC BANK, NATIONAL ASSOCIATION, in its capacity as Swing Loan Lender (hereinafter defined).

The Borrower has requested the Lenders to provide a revolving credit facility to the Borrower in an aggregate principal amount not to exceed \$250,000,000 (subject to increase as set forth herein). In consideration of their mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

### 1. CERTAIN DEFINITIONS

1.1 Certain Definitions. In addition to words and terms defined elsewhere in this Agreement, the following words and terms shall have the following meanings, respectively, unless the context hereof clearly requires otherwise:

2022 Indenture shall mean the Indenture dated February 15, 2017 among the Borrower and Globe, as issuers thereunder, certain guarantors party thereto and Wilmington Trust, National Association, as trustee, registrar, transfer agent and paying agent (as amended, replaced or otherwise modified pursuant to this Agreement).

2022 Notes shall mean the 9.375% promissory notes due March 1, 2022 issued by the Borrower and Globe pursuant to, and governed by, the 2022 Indenture.

Administrative Agent shall mean PNC Bank, National Association, and its successors and assigns, in its capacity as administrative agent hereunder.

Administrative Agent's Fee shall have the meaning specified in Section 10.9 [Administrative Agent's Fee].

---

Administrative Agent's Letter shall have the meaning specified in Section 10.9 [Administrative Agent's Fee].

Affiliate as to any Person shall mean any other Person (a) which directly or indirectly controls, is controlled by, or is under common control with such Person, (b) which beneficially owns or holds 20% or more of any class of the voting or other equity interests of such Person, or (c) 20% or more of any class of voting interests or other equity interests of which is beneficially owned or held, directly or indirectly, by such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

Aggregate Asset Percentage shall mean the percentage obtained by dividing (a) the sum of the assets of the Loan Parties, less (i) goodwill; (ii) intercompany accounts receivable from Guarantors; (iii) investments in Guarantors; (iv) receivables from Related Parties; (v) the portion of assets attributable to minority equity holders in a Guarantor; and (vi) assets attributable to the hydropower operations of FerroAtlantica, by (b) consolidated total assets of the Borrower and its Subsidiaries, less (i) goodwill; (ii) the assets attributable to the Alloy, West Virginia and Becancour, Canada facilities, which are jointly held with Dow Corning; and (iii) assets attributable to the hydropower operations of FerroAtlantica and Hidro Nitro Española, S.A.

Aggregate EBITDA Percentage shall mean the percentage obtained by dividing (a) the sum of the unconsolidated EBITDA of the Loan Parties, less (i) the portion of unconsolidated EBITDA attributable to minority equity holders in a Guarantor and (ii) unconsolidated EBITDA attributable to the hydropower operations of FerroAtlantica, by (b) Consolidated EBITDA, less the portion thereof attributable to (i) the Alloy, West Virginia and Becancour, Canada facilities, which are jointly held with Dow Corning; (ii) minority equity holders in a Guarantor; and (iii) the hydropower operations of FerroAtlantica and Hidro Nitro Española, S.A. The computation of "unconsolidated EBITDA" under clause (a) hereof, shall be made, to the extent applicable, in a manner consistent with the definition of Consolidated EBITDA, as if the Loan Party in question were the Borrower thereunder but, as to each such Loan Party, not on a consolidated basis.

Aggregate Sales Percentage shall mean the percentage obtained by dividing (a) the sum of the unconsolidated external sales of the Loan Parties, less (i) the portion of sales attributable to minority equity holders in a Guarantor and (ii) sales attributable to the hydropower operations of FerroAtlantica, by (b) consolidated sales of the Borrower and its Subsidiaries, less (i) sales from the Alloy, West Virginia and Becancour, Canada facilities, which are jointly held with Dow Corning; (ii) the portion of sales attributable to minority equity holders in a Guarantor; and (iii) sales attributable to the hydropower operations of FerroAtlantica and Hidro Nitro Española, S.A.

Agreed Guaranty Principles shall mean:

(a) other than with respect to US Subsidiaries, all upstream and cross-stream guaranties must be limited by corporate benefit restrictions if so applicable and required;

(b) other than with respect to US Subsidiaries, all guaranties must be limited by financial assistance restrictions if so applicable and required;

(c) all guaranties must be limited to the extent necessary in order to avoid any personal civil or criminal liability of any director or officer arising as a result of providing such guaranty or such guaranty being enforced by the holders of the Notes;

(d) all guaranties must be limited to the extent necessary to avoid any breach of fraudulent conveyance or preference, thin capitalization rules or any other general statutory laws or regulations (or analogous restrictions) of any applicable jurisdiction; and

(e) no guaranty shall be given to the extent it would result in costs that are disproportionate to the benefit obtained by the beneficiaries of such guaranty (as reasonably determined by the Administrative Agent).

For the avoidance of doubt, for the purposes of this definition, “cost” includes, but is not limited to, income tax cost, registration taxes payable on the granting or enforcement of any guarantee, stamp duties, out-of-pocket expenses, and other fees and expenses directly incurred by the relevant guarantor or any of its direct or indirect owners, subsidiaries or Affiliates.

Agreed Security Principles shall mean that no Lien shall be created or perfected to the extent that it would:

(a) other than with respect to US Subsidiaries, result in any breach of corporate benefit, financial assistance, fraudulent preference or thin capitalization laws or regulations (or analogous restrictions) of any applicable jurisdiction;

(b) result in a significant risk to the officers of the relevant grantor of the Lien of contravention of their fiduciary duties and/or of civil or criminal liability; or

(c) result in costs that are disproportionate to the benefit obtained by the beneficiaries of such Lien (as reasonably determined by the Administrative Agent).

For the avoidance of doubt, for the purposes of this definition, “cost” includes, but is not limited to, income tax cost, registration taxes payable on the creation or enforcement or for the continuance of any Lien, stamp duties, out-of-pocket expenses, and other fees and expenses directly incurred by the relevant grantor of Liens or any of its direct or indirect owners, subsidiaries or Affiliates.

Anti-Terrorism Laws shall mean, as to any Person, any Laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such Laws, in each case, applicable to such Person, all as amended, supplemented or replaced from time to time, including but not limited to any law or regulation or other restrictive measure and administered or enforced from time to time by the United Nations Security Council, the European Union or any of its member states’ governments, (following it ceasing to be a member state of the European Union) the United Kingdom and the Office of Foreign Assets Control.

Applicable Commitment Fee Rate shall mean one-half percent (0.50%) per annum.

Applicable Letter of Credit Fee Rate shall mean the percentage rate per annum based on the Net Total Leverage Ratio then in effect according to the pricing grid on Schedule 1.1(A) below the heading “Letter of Credit Fee.”

Applicable Margin shall mean, as applicable:

(a) the percentage spread to be added to the Base Rate applicable to Revolving Credit Loans under the Base Rate Option based on the Net Total Leverage Ratio then in effect according to the pricing grid on Schedule 1.1(A) below the heading “Revolving Credit Base Rate Spread”, or

(b) the percentage spread to be added to the Euro-Rate applicable to Revolving Credit Loans under the Euro-Rate Option based on the Net Total Leverage Ratio then in effect according to the pricing grid on Schedule 1.1(A) below the heading “Revolving Credit Euro-Rate Spread”.

Approved Fund shall mean any fund that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

Arranger shall mean each of PNC Capital Markets LLC, Citizens Bank, National Association and BMO Capital Markets Corp. in its capacities as joint lead arranger and bookrunner in connection with this Agreement and the credit and loan facilities contemplated hereby and its respective successors and assigns in such capacities.

Asset Sale shall mean any direct or indirect sale, lease, transfer, conveyance and other disposition (or series of related sales, leases, transfers, conveyances or other dispositions) by the Borrower or any of its Subsidiaries to any Person (other than a Loan Party or by a Subsidiary that is not a Loan Party to another Subsidiary that is not a Loan Party) of (a) any of the Equity Interests of any of the Borrower’s Subsidiaries, (b) all or substantially all of the assets of any division or line of business of the Borrower or any of its Subsidiaries or (c) any other assets (whether tangible or intangible) of the Borrower or any of its Subsidiaries, other than (i) assets sold in the ordinary course of business, (ii) Permitted Investments in the ordinary course of business, (iii) sales, assignments, discounts, transfers or dispositions of accounts or notes (including for less than the face value thereof) in the ordinary course of business for purposes of compromise or collection and (iv) any such other assets to the extent that the aggregate fair market value of such assets sold in any single transaction or related series of transactions is equal to \$35,000,000 or less.

Assignment and Assumption Agreement shall mean an assignment and assumption agreement entered into by a Lender and an assignee permitted under Section 11.8 [Successors and Assigns], in substantially the form of Exhibit 1.1(A).

Authorized Officer shall mean, with respect to any Loan Party, the Chief Executive Officer, President, Chief Financial Officer, Treasurer or Assistant Treasurer of such Loan Party, any manager or the members (as applicable) in the case of any Loan Party which is a limited liability company, or such other individuals, designated by written notice to the Administrative

Agent from the Borrower, authorized to execute notices, reports and other documents on behalf of such Loan Party required hereunder. The Borrower may amend such list of individuals from time to time by giving written notice of such amendment to the Administrative Agent.

Bail-In Action shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

Bail-In Legislation shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

Base Rate shall mean, for any day, a fluctuating per annum rate of interest equal to the highest of (a) the Fed Overnight Bank Funding Rate, plus fifty basis points (0.50%), (b) the Prime Rate, and (c) the Daily LIBOR Rate, plus 100 basis points (1.00%). Any change in the Base Rate (or any component thereof) shall take effect at the opening of business on the day such change occurs. Notwithstanding the foregoing, if the Base Rate as determined in the manner provided for above would be less than zero percent (0.00%) per annum, such rate shall be deemed to be zero percent (0.00%) per annum for purposes of this Agreement.

Base Rate Option shall mean the option of the Borrower to have Loans bear interest at the rate and under the terms set forth in Section 4.1.1(a) [Revolving Credit Base Rate Options].

Borrower shall mean Ferroglobe PLC, a public limited company organized under the laws of England and Wales with a registered address at 5 Fleet Place, London EC4M 7RD, United Kingdom and registered number 09425113, and its permitted successors and assigns.

Borrowing Date shall mean, with respect to any Loan, the date for the making thereof or the renewal or conversion thereof at or to the same or a different Interest Rate Option, which shall be a Business Day.

Borrowing Tranche shall mean specified portions of Loans outstanding as follows:  
(a) any Loans to which a Euro-Rate Option applies which are in Dollars or in the same Optional Currency advanced under the same Loan Request by the Borrower and which have the same Interest Period shall constitute one Borrowing Tranche, and (b) all Loans to which a Base Rate Option applies shall constitute one Borrowing Tranche.

Business Day shall mean any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required to be closed for business in Pittsburgh, Pennsylvania and if the applicable Business Day relates to any Loan to which the Euro-Rate Option applies, such day must also be a day on which dealings are carried on in the Relevant Interbank Market.

Capital Expenditures shall mean for any period, with respect to any Person, the aggregate of all expenditures by such Person for the acquisition of fixed or capital assets or additions to equipment (including replacements, capitalized repairs and improvements during such period) which are required to be capitalized under IFRS on a consolidated balance sheet of such

Person, excluding (i) any such expenditures made to restore, replace or rebuild assets to the condition of such assets immediately prior to any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, such assets to the extent such expenditures are made with insurance proceeds, condemnation awards or damage recovery proceeds relating to any such casualty, damage, taking, condemnation or similar proceeding and (ii) any such expenditures constituting Permitted Acquisitions or any other acquisition of all the Equity Interests in, or all or substantially all the assets of (or the assets constituting a business unit, division, product line or line of business of) any Person. Capital Expenditures for any such period shall include the principal portion of Capital Lease Obligations or Synthetic Lease Obligations paid by any such Person in any such period.

Capital Lease Obligations shall mean the obligations of any Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal, immovable or movable, property, or a combination thereof, which obligations are required to be accounted for as capital leases on a balance sheet of such Person in accordance with IFRS, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with IFRS.

Cash shall mean money, currency or a credit balance in a Deposit Account.

Cash Collateralize shall mean to pledge and deposit with or deliver to Administrative Agent, for the benefit of the Issuing Lender and the Lenders having Revolving Credit Commitments, as collateral for the Letter of Credit Obligations, Cash pursuant to documentation reasonably satisfactory to Administrative Agent and the Issuing Lender (which documents are hereby consented to by such Lenders) in an amount equal to one hundred three percent (103%) of such Letter of Credit Obligations. Such Cash collateral shall be maintained in blocked, non-interest bearing deposit accounts of the Borrower or a Loan Party at PNC (or the bank that is the successor Administrative Agent). "Cash Collateral" shall have the correlative meaning.

Cash Management Agreements shall have the meaning specified in Section 2.6.6 [Swing Loans Under Cash Management Agreements].

CEA shall mean the Commodity Exchange Act (7 U.S.C. §1 et seq.), as amended from time to time, and any successor statute.

CFTC shall mean the Commodity Futures Trading Commission.

Change in Law shall mean the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any Law, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Official Body or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of Law) by any Official Body; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines, interpretations or directives thereunder or issued in connection therewith (whether or not having the force of Law) and (ii) all requests, rules, regulations, guidelines, interpretations or directives promulgated by the Bank for International Settlements, the Basel



Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities (whether or not having the force of Law), in each case pursuant to Basel III, shall in each case be deemed to be a Change in Law regardless of the date enacted, adopted, issued, promulgated or implemented.

Change of Control shall mean (a) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), other than the Permitted Holders, shall become, or obtain rights (whether by means or warrants, options or otherwise) to become, the “beneficial owner” (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of more than thirty-five percent (35%) of the issued and outstanding Equity Interests of the Borrower, which Equity Interests, at such time, amount to more of the issued and outstanding Equity Interests of the Borrower than those held by the Permitted Holders, (b) the Borrower shall cease to own, directly or indirectly through Wholly Owned Subsidiaries, one hundred percent (100%) of the issued and outstanding Equity Interests of Globe, or (c) the Borrower shall cease to own, directly or indirectly through Wholly Owned Subsidiaries, one hundred percent (100%) of the issued and outstanding Equity Interests of each of Grupo, FerroAtlántica and FerroPem.

CIP Regulations shall have the meaning specified in Section 10.11 [No Reliance on Administrative Agent’s Customer Identification Program].

Closing Date shall mean the Business Day on which the first Loan shall be made, which, subject to the provisions of Section 7 [Conditions of Lending and Issuance of Letters of Credit], shall be February 27, 2018.

Code shall mean the Internal Revenue Code of 1986, as the same may be amended or supplemented from time to time, and any successor statute of similar import, and the rules and regulations thereunder, as from time to time in effect.

Collateral shall mean (a) the collateral under (i) a Security Agreement, (ii) a Pledge Agreement, (iii) a Patent, Trademark and Copyright Security Agreement or (iv) any other Collateral Document or (b) any Cash collateral referred to in the definition of Cash Collateralize.

Collateral Document shall mean (a) each of each Patent, Trademark and Copyright Security Agreement, each Pledge Agreement, and each Security Agreement, including the UK Collateral Documents and the Spanish Collateral Documents, and (b) each other agreement, instrument or document delivered by any Loan Party pursuant to this Agreement or any of the other Loan Documents in order to grant to Administrative Agent, the UK Security Trustee or the Spanish Security Agent, on behalf of the Lenders, a Lien on any property of such Loan Party as security for the Obligations, each of which under this clause (b) shall be in form and substance reasonably satisfactory to Administrative Agent.

Commitment shall mean as to any Lender its Revolving Credit Commitment and, in the case of the Swing Loan Lender, its Swing Loan Commitment, and Commitments shall mean the aggregate of the Revolving Credit Commitments and Swing Loan Commitment of all of the Lenders.

Commitment Fee shall have the meaning specified in Section 2.3 [Commitment Fees].

Compliance Certificate shall have the meaning specified in Section 8.3.3 [Certificate of the Borrower].

Computation Date shall have the meaning specified in Section 2.11.1 [Periodic Computations of Dollar Equivalent amounts of Revolving Credit Loans and Letters of Credit Outstanding, Etc.].

Connection Income Taxes shall mean Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

Consolidated Cash Interest Expense shall mean, for any period, Consolidated Interest Expense for such period, less the sum for such period of (a) interest on any Indebtedness paid by the increase in the principal amount of such Indebtedness including by issuance of additional Indebtedness of such kind or the accretion or capitalization of interest as principal and (b) items described in clause (c) of the definition of "Consolidated Interest Expense". For purposes of calculating Consolidated Cash Interest Expense for any period, if during such period, the Borrower or any of its Subsidiaries shall have consummated a Material Acquisition or a Material Disposition, Consolidated Cash Interest Expense for such period shall be calculated after giving pro forma effect thereto in accordance with Section 1.5 [Pro Forma Computations].

Consolidated EBITDA for any period of determination shall mean Consolidated Net Income for such period, (a) plus, without duplication, and in each case only to the extent (and in the same proportion) deducted or not included in determining such Consolidated Net Income:

- (i) Consolidated Interest Expense,
- (ii) the amortization expense of the Borrower and its Subsidiaries for such period, determined on a consolidated basis in accordance with IFRS,
- (iii) the depreciation expense of the Borrower and its Subsidiaries for such period, determined on a consolidated basis in accordance with IFRS,
- (iv) the income and franchise tax expense, including other similar taxes measured on income or revenues, of the Borrower and its Subsidiaries, for such period, determined on a consolidated basis in accordance with IFRS,
- (v) non-cash employee or director compensation expense in the form of Equity Interests of the Borrower;
- (vi) fees and out-of-pocket expenses incurred in connection with any proposed or actual issuance of any Equity Interests or Indebtedness or any proposed or actual acquisitions, Investments, and Asset Sales permitted under the Loan Documents;

(vii) proceeds of business interruption insurance to the extent not included in Consolidated Net Income;

(viii) customary and reasonable fees, commissions and other out-of-pocket expenses in connection with the preparation and negotiation of the Loan Documents and the consummation of the transactions contemplated thereby and in connection with any other Indebtedness permitted under this Agreement;

(ix) commissions, discounts, yield and other fees and expenses (including interest expense) related to any Permitted Securitization Arrangements; and

(x) any other non-cash charges (excluding the amortization of a prepaid cash item that was paid in a prior period or any write-down or write off of, or reserve for, inventory for such period), provided that if any non-cash charge represents an accrual of a reserve for cash charges in any future period, the cash payment in respect thereof in such future period shall be subtracted from Consolidated EBITDA in the period so made;

(b) minus, the aggregate amount of all non-cash gains increasing Consolidated Net Income (other than the accrual of revenue or recording of receivables in the ordinary course of business) for such period.

For purposes of calculating Consolidated EBITDA for any period, if during such period, the Borrower or any of its Subsidiaries shall have consummated a Material Acquisition or a Material Disposition, Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto in accordance with Section 1.5 [Pro Forma Computations].

Consolidated Interest Expense shall mean, for any period, the total consolidated interest expense of the Borrower and its Subsidiaries for such period determined on a consolidated basis in accordance with IFRS, plus, without duplication:

(a) imputed interest on Capital Lease Obligations and Synthetic Lease Obligations of the Borrower and its Subsidiaries for such period;

(b) commissions, discounts and other fees and charges owed by the Borrower or any of its Subsidiaries with respect to the Letters of Credit and other letters of credit securing financial obligations, bankers' acceptance financing, receivables financings and similar credit transactions for such period;

(c) amortization of debt issuance costs, debt discount or premium and other financing fees and expenses incurred by the Borrower or any of its Subsidiaries for such period;

(d) cash contributions to any employee stock ownership plan or similar trust made by the Borrower or any of its Subsidiaries to the extent such contributions are used by such plan or trust to pay interest or fees to any Person (other than the Borrower or any of its Wholly Owned Subsidiaries) in connection with Indebtedness incurred by such plan or trust for such period;

(e) all interest paid or payable with respect to discontinued operations of the Borrower or any of its Subsidiaries for such period;

(f) the interest portion of any payment obligations of the Borrower or any of its Subsidiaries for such period deferred for payment at any future time, whether or not such future payment is subject to the occurrence of any contingency, and includes the interest portion of any and all payments representing the purchase price and any assumptions of Indebtedness and/or contingent obligations and any so-called earn-out obligations; and

(g) all fees payable under the Loan Documents, including without limitation the Letter of Credit Fee, the Commitment Fee and the Administrative Agent's Fee.

Consolidated Net Income shall mean, for any period, the consolidated net income (or loss) of the Borrower and its Subsidiaries determined on a consolidated basis in accordance with IFRS; provided that there shall be excluded from computation of such net income (to the extent otherwise included therein), without duplication:

(a) the net income (or loss) of any Person (other than a Loan Party) that is not a consolidated Subsidiary of the Borrower, except to the extent that cash in an amount equal to any such income has actually been received by the Borrower or any of its consolidated Subsidiaries during such period;

(b) the proportionate portion of the net income (or loss) of any consolidated Subsidiary that is not a Wholly Owned Subsidiary (including, but without duplication, sums described in clause (a) above received by such consolidated Subsidiary) that is attributable to the Equity Interests of such consolidated Subsidiary that are not owned by the Borrower or a Subsidiary of the Borrower;

(c) earnings or losses resulting from any reappraisal, revaluation, write-up or write-down of assets; and

(d) non-cash gains or losses attributable to (1) the mark-to-market valuation of Interest Rate Hedges, Foreign Currency Hedges or other hedges or derivative instruments that would otherwise be included in the computation of net income or loss under IFRS or (2) currency translations between different currencies applicable thereto, in each case, to the extent the cash impact resulting from any such gain or loss has not been realized).

Consolidated Secured Indebtedness shall mean as of any date of determination the aggregate, without duplication, of the principal amount of Indebtedness of the Borrower and its Subsidiaries that is secured by a Lien on any asset of the Borrower or any of its Subsidiaries.

Covered Entity shall mean (a) the Borrower, all Guarantors and each of the Borrower's other Subsidiaries and all pledgors of Collateral, and (b) each Person that, directly or indirectly, is in control of a Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the power to direct or cause the direction of the management and policies of such Person whether by ownership of equity interests, contract or otherwise.

Daily LIBOR Rate shall mean, for any day, the rate per annum determined by the Administrative Agent as the Published Rate, as adjusted for any additional costs pursuant to Section 5.8.5(ii) [Additional Reserve Requirements]. Notwithstanding the foregoing, if the Daily LIBOR Rate as determined in the manner provided for above would be less than zero percent (0.00%) per annum, such rate shall be deemed to be zero percent (0.00%) per annum for purposes of this Agreement.

Defaulting Lender shall mean, subject to the last paragraph of Section 2.10, any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or Swing Loans or (iii) pay over to the Administrative Agent, the Issuing Lender, PNC (as the Swing Loan Lender) or any Lender any other amount required to be paid by it hereunder, unless, in the case of clause (i) or clause (ii) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or the Administrative Agent in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within two Business Days after request by the Administrative Agent or the Borrower, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit and Swing Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon the Administrative Agent's or the Borrower's receipt of such certification in form and substance satisfactory to the Administrative Agent or the Borrower, as the case may be, (d) has become the subject of a Bankruptcy Event, (e) has, or has a direct or indirect parent company that has, become the subject of a Bail-in Action or (f) has failed at any time to comply with the provisions of Section 5.3 [Sharing of Payments by Lenders] with respect to purchasing participations from the other Lenders, whereby such Lender's share of any payment received, whether by setoff or otherwise, is in excess of its Ratable Share of such payments due and payable to all of the Lenders.

As used in this definition and in Section 2.10 [Defaulting Lenders], the term "Bankruptcy Event" means, with respect to any Person, such Person or such Person's direct or indirect parent company becoming the subject of a bankruptcy or insolvency proceeding, or having had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person or such Person's direct or indirect parent company by an Official Body or instrumentality thereof if, and only if, such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or

such Official Body or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

Deposit Account shall mean a “deposit account” as defined in Article 9 of the UCC. Dollar, Dollars, U.S. Dollars and the symbol \$ shall mean lawful money of the United States of America.

Dollar Equivalent shall mean, with respect to any amount of any currency, as of any Computation Date, the Equivalent Amount of such currency expressed in Dollars.

Drawing Date shall have the meaning specified in Section 2.9.3 [Disbursements, Reimbursement].

EEA Financial Institution shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent;

EEA Member Country shall mean any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

EEA Resolution Authority shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

Effective Date shall mean the date indicated in a document or agreement to be the date on which such document or agreement becomes effective, or, if there is no such indication, the date of execution of such document or agreement.

Eligible Contract Participant shall mean an “eligible contract participant” as defined in the CEA and regulations thereunder.

Eligibility Date shall mean, with respect to each Loan Party and each Swap, the date on which this Agreement or any other Loan Document becomes effective with respect to such Swap (for the avoidance of doubt, the Eligibility Date shall be the Effective Date of such Swap if this Agreement or any other Loan Document is then in effect with respect to such Loan Party, and otherwise it shall be the Effective Date of this Agreement and/or such other Loan Document(s) to which such Loan Party is a party).

Environmental Laws shall mean all applicable federal, state, local, tribal, territorial and foreign Laws pertaining or relating to: (a) pollution or pollution control; (b) protection of human health from exposure to toxic or hazardous substances; (c) protection of the environment and/or natural resources; (d) employee safety in the workplace; (e) the use, management, generation, manufacture, processing, extraction, treatment, recycling, refining, reclamation, labeling, packaging, sale, transport, storage, collection, distribution, disposal or release or threat

of release of toxic or hazardous substances; (f) the presence of contamination; (g) the protection of endangered or threatened species; and (h) the protection of environmentally sensitive areas.

Equity Interests shall mean (a) shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person or (b) any warrants, options or other rights to acquire any such shares or interests described in clause (a).

Equivalent Amount shall mean, at any time, as determined by Administrative Agent (which determination shall be conclusive absent manifest error), with respect to an amount of any currency (the "Reference Currency") which is to be computed as an equivalent amount of another currency (the "Equivalent Currency"), the amount of such Equivalent Currency converted from such Reference Currency at Administrative Agent's rate (based on the market rates then prevailing and available to Administrative Agent) for such Equivalent Currency for such Reference Currency at a time determined by Administrative Agent on the second Business Day immediately preceding the event for which such calculation is made.

Equivalent Currency shall have the meaning specified in the definition of "Equivalent Amount".

ERISA shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended or supplemented from time to time, and any successor statute of similar import, and the rules and regulations thereunder, as from time to time in effect.

ERISA Event shall mean (a) with respect to a Pension Plan, a reportable event under Section 4043 of ERISA as to which event (after taking into account notice waivers provided for in the regulations) there is a duty to give notice to the PBGC; (b) a withdrawal by Globe or any member of the ERISA Group from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by Globe or any member of the ERISA Group from a Multiemployer Plan, notification that a Multiemployer Plan is in reorganization, or occurrence of an event described in Section 4041A(a) of ERISA that results in the termination of a Multiemployer Plan; (d) the filing of a notice of intent to terminate a Pension Plan, the treatment of a Pension Plan amendment as a termination under Section 4041(e) of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan; (e) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; or (f) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon Globe or any member of the ERISA Group.

ERISA Group shall mean, at any time, Globe and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control and all other entities which, together with Globe, are treated as a single employer under Section 414 of the Code or Section 4001(b)(1) of ERISA.

EU Bail-In Legislation Schedule shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

EU Plan Event shall mean, with respect to a Loan Party that is a French Person or a Spanish Person, (a) receipt from an Official Body of a claim of violation of, as applicable, the French Pension Laws or the Spanish Pension Laws or (b) the imposition of any liability for violation of or failure to comply with, as applicable, the French Pension Laws or the Spanish Pension Laws.

Euro shall refer to the lawful currency of the Participating Member States.

Euro-Rate shall mean the following:

(a) with respect to the U.S. Dollar Loans comprising any Borrowing Tranche to which the Euro-Rate Option applies for any Interest Period, the interest rate per annum determined by the Administrative Agent as the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which U.S. Dollar deposits are offered by leading banks in the London interbank deposit market), rounded upwards, if necessary, to the nearest 1/100th of 1% per annum (with .005% being rounded up), or the rate which is quoted by another source selected by the Administrative Agent as an authorized information vendor for the purpose of displaying rates at which U.S. Dollar deposits are offered by leading banks in the London interbank deposit market at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period as the Relevant Interbank Market offered rate for U.S. Dollars for an amount comparable to such Borrowing Tranche and having a borrowing date and a maturity comparable to such Interest Period, in each case which determination shall be conclusive absent manifest error;

(b) with respect to Optional Currency Loans in Euros or British Pounds Sterling comprising any Borrowing Tranche for any Interest Period, the interest rate per annum determined by the Administrative Agent as the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which deposits of the relevant Optional Currency is offered by leading banks in the London interbank deposit market), rounded upwards, if necessary, to the nearest 1/100th of 1% (with .005% being rounded up) per annum, or the rate which is quoted by another source selected by the Administrative Agent as an authorized information vendor for the purpose of displaying rates at which such applicable Optional Currencies are offered by leading banks in the London interbank deposit market at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period as the Relevant Interbank Market offered rate for deposits in Euros or British Pounds Sterling for an amount comparable to the principal amount of such Borrowing Tranche and having a borrowing date and a maturity comparable to such Interest Period. The Administrative Agent shall give prompt notice to the Borrower of the Euro-Rate as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error;

(c) with respect to Optional Currency Loans in any other Optional Currency, the rate per annum designated with respect to such Optional Currency at the time such Optional



Currency is approved by the Administrative Agent and Lenders pursuant to Section 2.11.2(c) [Requests for Additional Optional Currencies]; or

(d) With respect to any Loans available at a Euro-Rate, if at any time, for any reason, the source(s) for the Euro-Rate described above for the applicable currency or currencies is no longer available, then, subject to the provisions of Section 4.5 [Termination of LIBOR], the Administrative Agent may determine a comparable replacement rate (or a replacement rate, plus a spread or margin, in order to attain such comparability) at such time (which determination shall be conclusive absent manifest error).

(e) Notwithstanding the foregoing, if the Euro-Rate as determined in the manner provided for above would be less than zero percent (0.00%) per annum, such rate shall be deemed to be zero percent (0.00%) per annum for purposes of this Agreement.

Euro-Rate Option shall mean the option of the Borrower to have Loans bear interest at the rate and under the terms set forth in Section 4.1.1(b) [Revolving Credit Euro-Rate Option].

Event of Default shall mean any of the events described in Section 9.1 [Events of Default] and referred to therein as an “Event of Default.”

Excluded Hedge Liability or Liabilities shall mean, with respect to each Guarantor, each of its Swap Obligations if, and only to the extent that, all or any portion of the Guaranty by such Guarantor of, or the grant by such Guarantor of a Lien to secure, such Swap Obligation is or becomes illegal under the CEA, or any rule, regulation or order of the CFTC, solely by virtue of such Guarantor’s failure to qualify as an Eligible Contract Participant on the Eligibility Date for the Swap under which such Swap Obligations arise. Notwithstanding anything to the contrary contained in the foregoing or in any other provision of this Agreement or any other Loan Document: (a) if a Swap Obligation arises under a master agreement governing more than one Swap, this definition shall apply only to the portion of such Swap Obligation that is attributable to Swaps for which such Guaranty or Lien is or becomes illegal under the CEA, or any rule, regulations or order of the CFTC, solely as a result of the failure by such Loan Party for any reason to qualify as an Eligible Contract Participant on the Eligibility Date for such Swap, (b) if a guarantee of a Swap Obligation would cause such obligation to be an Excluded Hedge Liability but the grant of a Lien would not cause such obligation to be an Excluded Hedge Liability, such Swap Obligation shall constitute an Excluded Hedge Liability for purposes of the Guaranty but not for purposes of the grant of the Lien, and (c) if there is more than one Guarantor executing this Agreement or the other Loan Documents and a Swap Obligation would be an Excluded Hedge Liability with respect to one or more of such Persons, but not all of them, the definition of Excluded Hedge Liability or Liabilities with respect to each such Person shall only be deemed applicable to (i) the particular Swap Obligations that constitute Excluded Hedge Liabilities with respect to such Person, and (ii) the particular Person with respect to which such Swap Obligations constitute Excluded Hedge Liabilities.

Excluded Taxes shall mean any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the

laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, any United Kingdom withholding tax (except to the extent resulting from a Change in Law) that would have been compensated for by an increased payment under Section 5.9.2 but was not so compensated because of one of the exclusions in Section 5.9.2(a) applied, (c) Taxes attributable to such Recipient's failure to comply with Section 5.9.9 [Status of Lenders], and (d) any U.S. federal withholding Taxes imposed under FATCA (except to the extent imposed due to the failure of the Borrower to provide documentation or information to the IRS).

Existing Credit Agreement shall mean the credit agreement dated August 20, 2013 (as amended, restated, supplemented and otherwise modified) among the Borrower and Globe, as borrowers, Citizens Bank of Pennsylvania, as administrative agent, the lenders thereunder and certain other parties.

Existing Letters of Credit shall mean those letters of credit that were issued by Citizens Bank of Pennsylvania for the account of the Borrower or its Subsidiaries under and pursuant to the Existing Credit Agreement, a list of which is set forth on Schedule 1.1(E) hereto.

Expiration Date shall mean February 27, 2021, as such date may be extended pursuant to Section 2.12 [Extensions of the Expiration Date].

FATCA shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreements entered into to implement such Sections of the Code, and any laws, rules and practices adopted by a non-U.S. jurisdiction to effect any such intergovernmental agreement.

Fed Overnight Bank Funding Rate shall mean, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York ("NYFRB"), as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Administrative Agent for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Fed Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Administrative Agent at such time (which determination shall be conclusive absent manifest error). If the Fed Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Fed Overnight Bank Funding Rate without notice to the Borrower.

Federal Funds Effective Rate for any day shall mean the rate per annum (based on a year of 360 days and actual days elapsed and rounded upward to the nearest 1/100 of 1%, with

.005% being rounded up) announced by the Federal Reserve Bank of New York (or any successor) on such day as being the weighted average of the rates on overnight federal funds transactions arranged by federal funds brokers on the previous trading day, as computed and announced by such Federal Reserve Bank (or any successor) in substantially the same manner as such Federal Reserve Bank computes and announces the weighted average it refers to as the “Federal Funds Effective Rate” as of the date of this Agreement; provided, if such Federal Reserve Bank (or its successor) does not announce such rate on any day, the “Federal Funds Effective Rate” for such day shall be the Federal Funds Effective Rate for the last day on which such rate was announced.

FerroAtlántica shall mean FerroAtlántica S.A.U., a company organized under the laws of Spain, with registered office at Pasco de la Castellana, 259-D, Pl. 49, 28046, Madrid, Spain, and its permitted successors and assigns.

FerroPem shall mean FerroPem, S.A.S., a société par actions simplifiée organized under the laws of France, with registered office at 517 Avenue de la Boisse, 73000 Chambéry, France, and registered with number 642 005 177 R.C.S. Chambéry.

Finance Lease shall mean the Finance Lease, dated as of May 25, 2012, between NGC Banco, S.A. and FerroAtlántica, as amended from time to time.

Finance Lease Energy Assets shall mean the assets owned by NGC Banco, S.A. and leased back to FerroAtlántica pursuant to the Finance Lease, which assets may be re-acquired by FerroAtlántica in accordance with the terms thereof.

Financial Officer shall mean, with respect to the Borrower, the Chief Executive Officer, President, Chief Financial Officer or Treasurer of the Borrower.

Foreign Currency Hedge shall mean any foreign exchange transaction, including spot and forward foreign currency purchases and sales, listed or over-the-counter options on foreign currencies, non-deliverable forwards and options, foreign currency swap agreements, currency exchange rate price hedging arrangements, and any other similar transaction providing for the purchase of one currency in exchange for the sale of another currency.

Foreign Currency Hedge Liabilities shall have the meaning assigned in the definition of Lender Provided Foreign Currency Hedge.

Free Cash shall mean, as of any date, the aggregate amount of unrestricted Cash and Permitted Investments of the Borrower and its Subsidiaries on a consolidated basis and free of Liens, other than (a) Liens pursuant to a Security Agreement, (b) Liens of the type described in clause (c)(ii) of the definition of Permitted Liens and (c) Liens securing any other Indebtedness permitted under this Agreement.

French Pension Laws shall have the meaning specified in Section 6.1.17(f) [Pension Compliance].

French Person shall mean any Person, including FerroPem, which is incorporated in France or which has its “centre of main interest” (as that term is used in article 3(1) of the Insolvency Regulation) in France.

Fronting Exposure shall mean, at any time there is a Defaulting Lender, (a) with respect to any Issuing Lender, such Defaulting Lender's Ratable Share of the outstanding Letter of Credit Obligations with respect to Letters of Credit issued by such Issuing Lender other than Letter of Credit Obligations as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swing Loan Lender, such Defaulting Lender's Ratable Share of outstanding Swing Loans made by such Swing Loan Lender other than Swing Loans as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders.

Funds Transfer and Deposit Account Liability shall mean the liability of any Loan Party or any of its Subsidiaries owing to any of the Lenders, or any Affiliates of such Lenders, arising out of (a) the execution or processing of electronic transfers of funds by automatic clearing house transfer, wire transfer or otherwise to or from the deposit accounts of any Loan Party or any of its respective Subsidiaries or now or hereafter maintained with any of the Lenders or their Affiliates and (b) the acceptance for deposit or the honoring for payment of any check, draft or other item with respect to any such deposit accounts.

Globe shall mean Globe Specialty Metals, Inc., a Delaware corporation, and its permitted successors and assigns.

Grupo shall mean Grupo FerroAtlántica S.A.U., a company organized under the laws of Spain, with registered office at Pasco de la Castellana, 259-D, Pl. 49, 28046, Madrid, Spain, and its permitted successors and assigns.

Guarantor shall mean, as of the Closing Date, each of Globe, Grupo, FerroAtlántica, FerroPem and the other parties to this Agreement which is designated as a "Guarantor" on the signature page hereof and each other Person which joins this Agreement as a Guarantor after the date hereof.

Guarantor Joinder shall mean a joinder by a Person as a Guarantor under the Loan Documents in the form of Exhibit 1.1(G)(1).

Guaranty of any Person shall mean any obligation of such Person guaranteeing or in effect guaranteeing any liability or obligation of any other Person in any manner, whether directly or indirectly, including any agreement to indemnify or hold harmless any other Person, any performance bond or other suretyship arrangement and any other form of assurance against loss, except endorsement of negotiable or other instruments for deposit or collection in the ordinary course of business.

Guaranty Agreement shall mean the Continuing Agreement of Guaranty and Suretyship in substantially the form of Exhibit 1.1(G)(2) executed and delivered by each of the Guarantors to the Administrative Agent for the benefit of the Lenders.

Hedge Liabilities shall mean, collectively, the Foreign Currency Hedge Liabilities and the Interest Rate Hedge Liabilities.

HM Revenue & Customs shall mean Her Majesty's Revenue & Customs or any successor authority.

ICC shall have the meaning specified in Section 11.11.1 [Governing Law].

IFRS shall mean, subject to the limitations on the application thereof set forth in Section 1.3 [Accounting Principles; Changes in IFRS], International Financial Reporting Standards and applicable accounting requirements set by the International Accounting Standards Board or any successor thereto, as in effect from time to time.

Indebtedness shall mean, as to any Person at any time, any and all indebtedness, obligations or liabilities (whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, or joint or several) of such Person for or in respect of: (a) borrowed money, (b) amounts raised under or liabilities in respect of any note purchase or acceptance credit facility, (c) reimbursement obligations (contingent or otherwise) under any letter of credit agreement, (d) obligations under any currency swap agreement, interest rate swap, cap, collar or floor agreement or other interest rate management device, (e) any other transaction (including Capital Lease Obligations, Synthetic Lease Obligations and conditional sales agreements) having the commercial effect of a borrowing of money entered into by such Person to finance its operations or capital requirements (but not including trade payables and accrued expenses incurred in the ordinary course of business which are not represented by a promissory note and which are not more than sixty (60) days past due), or (f) any Guaranty of Indebtedness for borrowed money.

Indemnified Taxes shall mean (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document, and (b) to the extent not otherwise described in the preceding clause (a), Other Taxes.

Indemnitee shall have the meaning specified in Section 11.3.2 [Indemnification by the Borrower].

Information shall mean all information received from the Loan Parties or any of their Subsidiaries relating to the Loan Parties or any of such Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or the Issuing Lender on a non-confidential basis prior to disclosure by the Loan Parties or any of their Subsidiaries, provided that, in the case of information received from the Loan Parties or any of their Subsidiaries after the date of this Agreement, such information is clearly identified at the time of delivery as confidential.

Insolvency Proceeding shall mean, with respect to any Person, (a) a case, action or proceeding with respect to such Person (i) before any court or any other Official Body under any bankruptcy, insolvency, reorganization or other similar Law now or hereafter in effect, or (ii) for the appointment of a receiver, liquidator, administrator, assignee, custodian, trustee, sequestrator, conservator (or similar official) of such Person or otherwise relating to the liquidation, administration, dissolution, winding-up or relief of such Person, or (b) any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other, similar voluntary or involuntary arrangement in court or out of court in respect of such Person's creditors generally or any substantial portion of its creditors; undertaken under any Law; provided that, without limiting the generality of the foregoing:

(1) with respect to the Borrower and any other UK Person, “Insolvency Proceeding” shall include any other applicable insolvency proceedings that are commenced against such UK Person including where any corporate action, legal proceedings or other procedure or step is taken in relation to:

(A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) of any member of such UK Person;

(B) a composition, compromise, assignment or arrangement with any creditor of such UK Person;

(C) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of such UK Person or any of its assets; or

(D) enforcement of any Lien over any assets of such UK Person,

other than any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement;

(2) with respect to a French Person, “Insolvency Proceeding” shall include any other applicable insolvency proceedings that are commenced against such French Person, including (as appropriate) “*mandat ad hoc*”, “*procédure de conciliation*”, “*procédure de sauvegarde*”, “*procédure de sauvegarde accélérée*”, “*procédure de sauvegarde financière accélérée*”, “*procédure de redressement judiciaire*”, “*procédure de liquidation judiciaire*” as set out under “*LIVRE VI*” of the French Commercial Code and

(3) with respect to a Spanish Person, “Insolvency Proceeding” shall include any other applicable insolvency proceedings that are commenced against such Spanish Person, including:

(A) any *solicitud de inicio de procedimiento de concurso* and/or *auto de declaracion de concurso* or a debt reorganization (by way or voluntary arrangement or scheme of arrangement) or the filing of the notice foreseen in Article 5 bis of the Spanish Insolvency Act of such Spanish Person or its Subsidiaries by reason of actual or anticipated financial difficulties with a view to a general rescheduling of its debts with creditors; and

(B) the appointment of a liquidator (*liquidador*), receiver (*administrador judicial*), administrative receiver, administrator, compulsory manager or other similar officer in respect of such Spanish Person or any of its assets, or of its Subsidiaries.

Insolvency Regulation shall mean Regulation (EU) 2015/848 of 20 May 2015 on insolvency proceedings.

Intercompany Subordination Agreement shall mean a Subordination Agreement among the Loan Parties in the form attached hereto as Exhibit 1.1(1)(2).

Interest Coverage Ratio shall mean, as of any date of determination, the ratio of (a) Consolidated EBITDA to (b) Consolidated Cash Interest Expense, in each case for the four fiscal quarter period then ending (or if such date is not a fiscal quarter-end, most recently ended for which financial statements are available).

Interest Period shall mean the period of time selected by the Borrower in connection with (and to apply to) any election permitted hereunder by the Borrower to have Revolving Credit Loans bear interest under the Euro-Rate Option. Subject to the last sentence of this definition, such period shall be one, two, three or six Months. Such Interest Period shall commence on the effective date of such Interest Rate Option, which shall be (a) the Borrowing Date if the Borrower is requesting new Loans, or (b) the date of renewal of or conversion to the Euro-Rate Option if the Borrower is renewing or converting to the Euro-Rate Option applicable to outstanding Loans. Notwithstanding the second sentence hereof: (i) any Interest Period which would otherwise end on a date which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (ii) the Borrower shall not select, convert to or renew an Interest Period for any portion of the Loans that would end after the Expiration Date.

Interest Rate Hedge shall mean an interest rate exchange, collar, cap, swap, floor, adjustable strike cap, adjustable strike corridor, cross-currency swap or similar agreements entered into by any Loan Party in order to provide protection to, or minimize the impact upon, such Loan Party or its Subsidiaries of increasing floating rates of interest applicable to Indebtedness.

Interest Rate Hedge Liabilities shall have the meaning assigned in the definition of Lender Provided Interest Rate Hedge.

Interest Rate Option shall mean the Base Rate Option or the Euro-Rate Option.

Investment shall have the meaning specified in Section 8.2.4 [Loans, Guaranties and Investments].

IRS shall mean the United States Internal Revenue Service.

ISP98 shall have the meaning specified in Section 11.11.1 [Governing Law]. Issuing Lender shall mean PNC, in its individual capacity as issuer of Letters of Credit hereunder, and Citizens Bank of Pennsylvania, in its individual capacity as issuer of the Existing Letters of Credit, and any other Lender that the Borrower, the Administrative Agent and such other Lender may agree may from time to time issue Letters of Credit hereunder.

Joint Venture shall mean a corporation, partnership, limited liability company or other entity in which any Person other than the Loan Parties and their Subsidiaries holds, directly or indirectly, an equity interest.

Law shall mean any law(s) (including common law), constitution, statute, treaty, regulation, rule, ordinance, ruling, order, executive order, injunction, writ, decree, bond, judgment, authorization or approval, lien or award of, or any settlement arrangement, by agreement, consent or otherwise, with, any Official Body, foreign or domestic.

Lender Provided Foreign Currency Hedge shall mean a Foreign Currency Hedge which is provided by any Lender or its Affiliate and for which such Lender confirms to the Administrative Agent in writing prior to the execution thereof that it: (a) is documented in a standard International Swaps and Derivatives Association Master Agreement or another reasonable and customary manner, (b) provides for the method of calculating the reimbursable amount of the provider's credit exposure in a reasonable and customary manner, and (c) is entered into for hedging (rather than speculative) purposes. The liabilities owing to the provider of any Lender Provided Foreign Currency Hedge (the "Foreign Currency Hedge Liabilities") by any Loan Party that is party to such Lender Provided Foreign Currency Hedge shall, for purposes of this Agreement and all other Loan Documents be "Obligations" of such Loan Party and of each other Loan Party, be guaranteed obligations under the Guaranty Agreement and secured obligations under any other Loan Document, as applicable, and otherwise treated as Obligations for purposes of the other Loan Documents, except to the extent constituting Excluded Hedge Liabilities of any such other Loan Party. The Liens securing the Foreign Currency Hedge Liabilities shall be pari passu with the Liens securing all other Obligations under this Agreement and the other Loan Documents, subject to the express provisions of Section 9.2.4 [Application of Proceeds].

Lender Provided Interest Rate Hedge shall mean an Interest Rate Hedge which is provided by any Lender or its Affiliate and with respect to which such Lender confirms to Administrative Agent in writing prior to the execution thereof that it: (a) is documented in a standard International Swaps and Derivatives Association Master Agreement, or another reasonable and customary manner, (b) provides for the method of calculating the reimbursable amount of the provider's credit exposure in a reasonable and customary manner, and (c) is entered into for hedging (rather than speculative) purposes. The liabilities owing to the provider of any Lender Provided Interest Rate Hedge (the "Interest Rate Hedge Liabilities") by any Loan Party that is party to such Lender Provided Interest Rate Hedge shall, for purposes of this Agreement and all other Loan Documents be "Obligations" of such Loan Party and of each other Loan Party, be guaranteed obligations under any Guaranty Agreement and secured obligations under any other Loan Document, as applicable, and otherwise treated as Obligations for purposes of the other Loan Documents, except to the extent constituting Excluded Hedge Liabilities of any such other Loan Party. The Liens securing the Hedge Liabilities shall be pari passu with the Liens securing all other Obligations under this Agreement and the other Loan Documents, subject to the express provisions of Section 9.2.4 [Application of Proceeds].

Lenders shall mean the financial institutions named on Schedule 1.1(B) and their respective successors and assigns as permitted hereunder, each of which is referred to herein as a Lender. For the purpose of any Loan Document which provides for the granting of a security interest or other Lien to the Lenders or to the Administrative Agent for the benefit of the Lenders as security for the Obligations, "Lenders" shall include any Affiliate of a Lender to which such Obligation is owed.

Letter of Credit shall have the meaning specified in Section 2.9.1 [Issuance of Letters of Credit] and shall include each of the Existing Letters of Credit.

Letter of Credit Borrowing shall have the meaning specified in Section 2.9.3 [Disbursements, Reimbursement].



Letter of Credit Fee shall have the meaning specified in Section 2.9.2 [Letter of Credit Fees].

Letter of Credit Obligation shall mean, as of any date of determination, the aggregate Dollar Equivalent amount available to be drawn under all outstanding Letters of Credit on such date (if any Letter of Credit shall increase in amount automatically in the future, such aggregate Dollar Equivalent amount available to be drawn shall currently give effect to any such future increase) plus the aggregate Dollar Equivalent amount of Reimbursement Obligations and Letter of Credit Borrowings on such date.

Letter of Credit Sublimit shall have the meaning specified in Section 2.9.1 [Issuance of Letters of Credit].

Lien shall mean any mortgage, deed of trust, pledge, lien, security interest, charge or other encumbrance or security arrangement of any nature whatsoever, whether voluntarily or involuntarily given, including any conditional sale or title retention arrangement, and any assignment, deposit arrangement or lease intended as, or having the effect of, security and any filed financing statement or other notice of any of the foregoing (whether or not a lien or other encumbrance is created or exists at the time of the filing).

Liquidity shall mean, at any time, (a) the amount of Free Cash of the Loan Parties plus (b) an amount equal to (i) the Revolving Credit Available Amount at such time, minus (ii) the Revolving Facility Usage at such time.

Loan Documents shall mean this Agreement, the Administrative Agent's Letter, the Guaranty Agreement, the Intercompany Subordination Agreement, the Notes, the Collateral Documents, and any other instruments, certificates or documents delivered in connection herewith or therewith.

Loan Parties shall mean, collectively, the Borrower and the Guarantors.

Loan Request shall have the meaning specified in Section 2.5 [Revolving Credit Loan Requests; Swing Loan Requests].

Loans shall mean collectively and Loan shall mean separately all Revolving Credit Loans and Swing Loans or any Revolving Credit Loan or Swing Loan.

Material Acquisition means any acquisition, or a series of related acquisitions, of (a) Equity Interests in any Person if, after giving effect thereto, such Person will become a Subsidiary of the Borrower or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person; provided that the aggregate consideration therefor (including Indebtedness assumed in connection therewith, all obligations under any purchase price adjustment but excluding earnout or similar payments) and all other consideration payable in connection therewith (including payment obligations in respect of noncompetition agreements or other arrangements representing acquisition consideration)) exceeds \$35,000,000.

Material Adverse Change shall mean any set of circumstances or events which has or could reasonably be expected to have any material adverse effect (a) on the validity or enforceability of this Agreement or any other Loan Document, (b) on the business, financial condition or results of operations of the Borrower and its Subsidiaries taken as a whole, (c) on the ability of the Loan Parties taken as a whole to duly and punctually pay or perform any of the Obligations, or (d) on the ability of the Administrative Agent or any of the Lenders, to the extent permitted, to enforce their legal remedies pursuant to this Agreement or any other Loan Document.

Material Disposition means any sale, transfer or other disposition, or a series of related sales, transfers or other dispositions, of (a) all or substantially all the issued and outstanding Equity Interests in any Person that are owned by the Borrower or any of its Subsidiaries or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person; provided that the aggregate consideration therefor (including Indebtedness assumed by the transferee in connection therewith, all obligations in respect of deferred purchase price (including obligations under any purchase price adjustment but excluding earnout or similar payments) and all other consideration payable in connection therewith (including payment obligations in respect of noncompetition agreements or other arrangements representing acquisition consideration)) exceeds \$35,000,000.

Material Event shall mean (a)(i) the incurrence of any Indebtedness pursuant to subsection 8.2.1(o) in excess of \$50,000,000 for any individual incurrence (or series of related incurrences) of Indebtedness or (ii) the making of any Investment pursuant to Section 8.2.4(j) or Section 8.2.4(v) in excess of \$20,000,000 for any individual Investment (or series of related Investments) or (b) the making of any Asset Sale in excess of \$35,000,000 during any four fiscal quarter period pursuant to subsection 8.2.7(h); provided that the payment of the Borrower's quarterly dividend payment in compliance with Section 8.2.5 [Restricted Payments].

Material Subsidiary shall mean each Subsidiary of the Borrower now existing or hereafter acquired or formed by the Borrower or one of its Subsidiaries which, on a consolidated basis for such Subsidiary and its Subsidiaries, for the most recent fiscal year (a) generated more than one percent (1%) of the Consolidated EBITDA of the Borrower and its Subsidiaries or (b) had total assets (including equity interests in other Subsidiaries and excluding investments that are eliminated in consolidation) of greater than one percent (1%) of the consolidated total assets of the Borrower and its Subsidiaries, in each case on a pro forma basis (if applicable); provided that the Borrower shall designate additional Material Subsidiaries (or may reclassify existing Material Subsidiaries from being such) as provided in Section 8.2.9 [Subsidiaries, Partnerships and Joint Ventures].

Minimum Collateral Amount shall mean, at any time, (a) with respect to Cash Collateral consisting of Cash, an amount equal to one hundred three percent (103%) of the Fronting Exposure of the Issuing Lender with respect to Letters of Credit issued and outstanding at such time and (b) otherwise, an amount determined by the Administrative Agent and the Issuing Lender in their sole discretion.

Month, with respect to an Interest Period shall mean the interval between the days in consecutive calendar months numerically corresponding to the first day of such Interest Period.

If any Interest Period begins on a day of a calendar month for which there is no numerically corresponding day in the month in which such Interest Period is to end, the final month of such Interest Period shall be deemed to end on the last Business Day of such final month.

Multiemployer Plan shall mean any employee pension benefit plan which is a “multiemployer plan” within the meaning of Section 4001(a)(3) of ERISA and to which Globe or any member of the ERISA Group is then making or accruing an obligation to make contributions or, within the preceding five plan years, has made or had an obligation to make such contributions.

Net Secured Leverage Ratio shall mean, as of any date of determination, the ratio of (a) an amount equal to (i) Consolidated Secured Indebtedness on such date (but excluding obligations of the type described in clause (d) of the definition of Indebtedness, unless such obligations are due and payable on such date), minus (ii) Free Cash on such date to (b) Consolidated EBITDA for the four fiscal quarter period then ending (or if such date is not a fiscal quarter-end, most recently ended for which financial statements are available).

Net Total Leverage Ratio shall mean, as of any date of determination, the ratio of (a) an amount equal to (i) consolidated Indebtedness of the Borrower and its Subsidiaries on such date (but excluding obligations of the type described in clause (d) of the definition of Indebtedness, unless such obligations are due and payable on such date), plus (ii) the Securitization Amount on such date, and minus (iii) Free Cash on such date to (b) Consolidated EBITDA for the four fiscal quarter period then ending (or if such date is not a fiscal quarter-end, most recently ended for which financial statements are available).

Non-Consenting Lender shall have the meaning specified in Section 11.1 [Modifications, Amendments or Waivers].

Non-Qualifying Party shall mean any Loan Party that fails for any reason to qualify as an Eligible Contract Participant on the Effective Date of the applicable Swap.

Non-US Guarantor shall mean each of the Non-US Subsidiaries listed on Schedule 1.1(F) and each other Non-US Subsidiary that joins this Agreement as a Guarantor after the date hereof.

Non-US Subsidiary shall mean a Subsidiary that is not a US Subsidiary.

Notes shall mean collectively, and Note shall mean separately, the promissory notes in the form of Exhibit 1.1(N)(1) evidencing the Revolving Credit Loans and in the form of Exhibit 1.1(N)(2) evidencing the Swing Loans.

Obligation shall mean any obligation or liability of any of the Loan Parties, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, under or in connection with (a) this Agreement, the Notes, the Letters of Credit, the Administrative Agent’s Letter or any other Loan Document whether to the Administrative Agent, the UK Security Trustee, or the Spanish Security Agent, any of the Lenders or their Affiliates or other persons provided for under such Loan Documents, (b) any Lender Provided Interest Rate Hedge, (c) any Lender Provided Foreign Currency Hedge, and (d) any Other Lender Provided Financial Service Product. Notwithstanding anything to the

contrary contained in the foregoing, the Obligations shall not include any Excluded Hedge Liabilities.

Official Body shall mean the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, the IFRS Foundation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

Optional Currency shall mean the following lawful currencies: the Euro and the British Pound Sterling and any other currency approved by Administrative Agent and all of the Lenders pursuant to Section 2.11.2(c) [European Monetary Union; Requests for Additional Optional Currencies]. Subject to Section 2.11.2 [European Monetary Union], each Optional Currency must be the lawful currency of the specified country.

Optional Currency Loans shall mean Revolving Credit Loans made in an Optional Currency.

Order shall have the meaning specified in Section 2.9.9 [Liability for Acts and Omissions].

Original Currency shall have the meaning specified in Section 5.12 [Currency Conversion Procedures for Judgments].

Other Agreed Rate shall have the meaning specified in Section 4.1.2 [Swing Loan Interest].

Other Connection Taxes shall mean, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient (or an agent or affiliate thereof) and the jurisdiction imposing such Tax (other than connections arising solely from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

Other Currency shall have the meaning specified in Section 5.12 [Currency Conversion Procedures for Judgments].

Other Lender Provided Financial Service Product shall mean agreements or other arrangements under which any Lender or Affiliate of a Lender provides any of the following products or services to any of the Loan Parties: (a) credit cards, (b) credit card processing services, (c) debit cards, (d) purchase cards, (e) ACH transactions, or (f) cash management, including controlled disbursement, accounts or services.

Other Taxes shall mean all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 11.14 [Replacement of a Lender]).

Overnight Rate shall mean for any day with respect to any Loans in an Optional Currency, the rate of interest per annum as determined by the Administrative Agent at which overnight deposits in such currency, in an amount approximately equal to the amount with respect to which such rate is being determined, would be offered for such day in the Relevant Interbank Market.

Participant has the meaning specified in Section 11.8.4 [Participations].

Participant Register shall have the meaning specified in Section 11.8.4 [Participations].

Participating Member State shall mean any member State of the European Union that adopts or has adopted the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

Participation Advance shall have the meaning specified in Section 2.9.3 [Disbursements, Reimbursement].

Patent, Trademark and Copyright Security Agreement shall mean the Patent, Trademark and Copyright Security Agreement in substantially the form of Exhibit 1.1(IP) executed and delivered to the Administrative Agent for the benefit of the Lenders.

Payment Date shall mean the first day of each calendar quarter after the date hereof and, if it occurs earlier than any such day, the Expiration Date or the date of acceleration of the Notes and other Obligations pursuant to Section 9 [Default].

Payment In Full and Paid in Full shall mean the indefeasible payment in full in cash of the Loans and other Obligations hereunder, termination of the Commitments and expiration or termination of all Letters of Credit (other than Letters of Credit as to which other arrangements with respect thereto satisfactory to the Issuing Lender shall have been made).

PBGC shall mean the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA or any successor.

Pension Plan shall mean at any time (a) an “employee pension benefit plan” (as such term is defined in Section 3(2) of ERISA) (including a “multiple employer plan” as described in Sections 4063 and 4064 of ERISA, but not a Multiemployer Plan) which is covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 or Section 430 of the Code and either (i) is sponsored, maintained or contributed to by any member of the ERISA Group for employees of any member of the ERISA Group or (ii) has at any time within the preceding five years been sponsored, maintained or contributed to by any entity which was at such time a member

of the ERISA Group for employees of any entity which was at such time a member of the ERISA Group, or in the case of a “multiple employer” or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five plan years or (b) a pension plan, retirement plan, or other employee retirement benefit plan governed by, as applicable, the French Pension Laws or the Spanish Pension Laws.

Permitted Acquisition shall mean any acquisition by the Borrower or a Subsidiary of Equity Interests in a Person or assets constituting a business or a division or line of business of a Person, if (a) the business or businesses engaged in by such Person, or such business, division or line of business, as applicable, is permitted by Section 8.2.10 [Continuation of or Change in Business], (b) no Event of Default has occurred and is continuing or would result therefrom, (c) all transactions related thereto are consummated in accordance with applicable Laws, (d) in the case of an acquisition of Equity Interests in a Person, after giving effect to such acquisition, at least a majority of the Equity Interests, both economic and voting power, in such Person, and any other Subsidiary resulting from such acquisition, shall be owned directly or indirectly by the Borrower or such Subsidiary, (e) all actions required to be taken, if any, with respect to each Subsidiary or asset resulting from such acquisition under Section 8.2.9 [Subsidiaries, Partnerships and Joint Ventures] shall be taken as and when required by Section 8.2.9, (f) on the date of the consummation of such acquisition, and after giving effect thereto and the payment of consideration thereunder and costs and expenses in connection therewith by any one or more of the Borrower and its Subsidiaries, Liquidity shall not be less than \$150,000,000, (g) after giving pro forma effect to such acquisition, the Transaction Leverage Requirement is met as of the end of the fiscal quarter most recently ended for which financial statements are available, and (h) the Borrower has delivered to the Administrative Agent a certificate signed by a Financial Officer to the effect set forth in clauses (a) through (g) above, together with reasonably detailed calculations demonstrating compliance with clauses (f) and (g) (including financial information relating to the business or Person being acquired reasonably necessary to complete such calculations).

Permitted Additional Indebtedness shall mean unsecured senior, senior subordinated or Subordinated Indebtedness issued by a Loan Party (a) in respect of which no Subsidiary of the Borrower that is not an obligor under the Loan Documents is an obligor, (b) before and after giving effect to the incurrence of which, and the application of the proceeds therefrom, no Event of Default shall have occurred and be continuing and (c) after giving pro forma effect to the incurrence thereof and the application of the proceeds therefrom, the Transaction Leverage Requirement is met as of the end of the fiscal quarter most recently ended for which financial statements are available.

Permitted Holders shall mean, collectively, (a) Grupo Villar Mir, S.A.U., (b) those members of the senior management of the Borrower identified on Schedule 1.1(H), (c) Alan Kestenbaum and (d) the spouse, lineal descendants or trusts for their benefit of any Persons specified in clause (b) or clause (c) of this definition.

Permitted Investments shall mean:

(a) direct obligations of the United States of America or any agency or instrumentality thereof or obligations backed by the full faith and credit of the United States of America maturing in twelve (12) months or less from the date of acquisition;

(b) direct obligations of any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof, in each case maturing in twelve (12) months or less from the date of acquisition;

(c) investments in commercial paper maturing in twelve (12) months or less rated not lower than A-1, by Standard & Poor's or P-1 by Moody's Investors Service, Inc. on the date of acquisition;

(d) demand deposits, time deposits or certificates of deposit maturing within twelve (12) months from the date of acquisition in commercial banks organized under the laws of the United States of America or any state thereof or the District of Columbia that (i) are at least "adequately capitalized" (as defined in the regulations of its primary Federal banking regulator) and (ii) have Tier 1 capital (as defined in such regulations) of not less than \$100,000,000;

(e) money market or mutual funds that have at least 95% of its assets continuously invested in those types of investments described in clauses (a)-(c) above;

(f) investments in repurchase obligations with a term of not more than 30 days for underlying securities of the type described in clause (a) above entered into with a financial institution satisfying the criteria described in clause (d) above;

(g) investments made under the Cash Management Agreements or under cash management agreements with any other Lenders; and

(h) in the case of the Borrower or any Non-US Subsidiary, investments made in a country outside the United States that are (i) investments of the type and maturity described in clauses (a) through (g) above of foreign obligors and that have, as applicable, capitalization described in such clauses or ratings not lower than A-2, by Standard & Poor's, or P-2 by Moody's Investors Service, Inc. (or similar ratings from comparable foreign rating agencies) or (ii) other short term investments utilized by the Borrower or its Non-US Subsidiaries in accordance with normal investment practices for cash management in investments analogous to the foregoing investments described in clauses (a) through (g) of this definition.

Permitted Liens shall mean:

(a) Liens for Taxes, assessments, or similar charges, incurred in the ordinary course of business and which are not, at the time, required to be paid by Section 8.1.2 [Payment of Liabilities, Including Taxes, Etc.]; provided that if such Lien (i) is with respect to Taxes that are required by applicable Law to be paid at the time and (ii) has attached to any Collateral having a value, in the aggregate, in excess of \$5,000,000, such Lien, within thirty (30) days following such attachment, shall have been bonded off or such Collateral shall otherwise have been made exempt from such Lien;

(b) Pledges or deposits made in the ordinary course of business to secure payment of workmen's compensation, or to participate in any fund in connection with workmen's compensation, unemployment insurance, old-age pensions or other social security programs;

(c) (i) statutory or common Law Liens of mechanics, materialmen, warehousemen, carriers, or other like or statutory non-consensual Liens, securing obligations incurred in the ordinary course of business that are not yet due and payable (or that are due and payable but, within five (5) days of being overdue, are being contested in good faith by appropriate proceedings, so long as such reserves or other appropriate provisions, if any, as shall be required by IFRS shall have been made for any such contested amount) and Liens of landlords securing obligations to pay lease payments that are not yet due and payable or in default (or that are due and payable but, within five (5) days of being overdue, are being contested in good faith by appropriate proceedings, so long as such reserves or other appropriate provisions, if any, as shall be required by IFRS shall have been made for any such contested amount) and (ii) so-called banker's liens, rights of set-off or similar rights in favor of a depository institution imposed by statutory or common Law with respect to deposit accounts maintained with such depository institution in the ordinary course of business and, with respect to deposit accounts of a Loan Party, securing only obligations with respect to the maintenance of such accounts;

(d) Good-faith pledges or deposits made in the ordinary course of business (i) to secure performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, not in excess of the aggregate amount due thereunder, (ii) to secure statutory obligations, or surety, appeal, indemnity, performance or other similar bonds required in the ordinary course of business, (iii) to secure liability to insurance carriers under insurance or self-insurance arrangements, (iv) in connection with the payment of the exercise price and withholding taxes in respect of the exercise by employees of stock options, and other similar obligations or (v) in respect of letters of credit, bank guarantees or similar instruments issued for the account of the Borrower or any of its Subsidiaries in the ordinary course of business supporting obligations of the type set forth in clauses (i), (ii) and (iii) above;

(e) Encumbrances consisting of zoning restrictions, easements or other restrictions on the use of real property;

(f) Liens in favor of the Administrative Agent for the benefit of the Lenders and their Affiliates securing the Obligations;

(g) Any Lien existing on the date of this Agreement and described on Schedule 1.1(P) and any renewals or extensions thereof, provided that the principal amount secured thereby is not hereafter increased, and no additional assets, other than proceeds thereof, become subject to such Lien (other than in connection with a Permitted Refinancing); provided, further, that any assets that are not Collateral that are subject to any such Lien may be used as cross-collateral for any financing provided by the same lender;

(h) Liens to secure Capital Lease Obligations or Synthetic Lease Obligations and other Purchase Money Security Interests permitted in Section 8.2.14 [Capital Expenditures and Leases]; provided that (i) the aggregate amount of loans and deferred payments secured by such Liens and other Purchase Money Security Interests shall not exceed \$25,000,000 in the aggregate (excluding for the purpose of this computation any loans or deferred payments secured by Liens described on Schedule 1.1(P)), and (ii) such Liens and Purchase Money Security Interests shall be limited to the assets acquired with such purchase money financing or leased pursuant to such Capital Lease Obligations or Synthetic Lease Obligations and any proceeds thereof, provided.



however, that any assets that are not Collateral that are subject to such Liens may be used as cross- collateral for any financing or lease provided by the same lender or counterparty;

(i) The following, (i) if the validity or amount thereof is being contested in good faith by appropriate and lawful proceedings diligently conducted so long as levy and execution thereon have been stayed and continue to be stayed or (ii) if a final judgment is entered and such judgment is discharged within thirty (30) days of entry, and in either case they do not, in the aggregate, materially impair the ability of any Loan Party to perform its Obligations hereunder or under the other Loan Documents:

(A) claims, Liens or encumbrances upon, and defects of title to, real or personal property other than the Collateral, including any attachment of personal or real property or other legal process prior to adjudication of a dispute on the merits; and

(B) Liens resulting from final judgments or orders described in Section 9.1.7 [Final Judgments or Orders];

(j) licenses (with respect to Intellectual Property and other property), leases or subleases granted to third parties and not interfering in any material respect with the ordinary conduct of the business of the Borrower or any of its Subsidiaries and licenses permitted under Section 8.2.7 [Dispositions of Assets or Subsidiaries];

(k) any (i) interest or title of a lessor or sublessor under any lease not prohibited by this Agreement, (ii) Lien or restriction that the interest or title of such lessor or sublessor may be subject to, or (iii) subordination of the interest of the lessee or sublessee under such lease to any Lien or restriction referred to in the preceding clause (ii), so long as the holder of such Lien or restriction agrees to recognize the rights of such lessee or sublessee under such lease;

(l) Liens arising from filing Uniform Commercial Code financing statements relating solely to leases or other similar precautionary filings not prohibited by this Agreement;

(m) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(n) Liens securing obligations (other than obligations representing Indebtedness for borrowed money) under operating, reciprocal easement or similar agreements entered into in the ordinary course of business of the Borrower and its Subsidiaries;

(o) any encumbrance or restriction (including put and call arrangements) with respect to Equity Interests of, or assets owned by, any Joint Venture as set forth in the joint venture (or similar) agreement of such Joint Venture;

(p) Liens on accounts receivable sold pursuant to Permitted Securitization Arrangements;

(q) Liens assumed in connection with a Permitted Acquisition (or any other acquisition of property permitted under this Agreement) and Liens on assets of a Person that becomes a direct or indirect Subsidiary of the Borrower after the date of this Agreement in a

Permitted Acquisition and, in each case, any Permitted Refinancing thereof; provided, however, that such Liens exist at the time, as applicable, such Permitted Acquisition (or other acquisition of property) is closed or such Person becomes a Subsidiary and are not created in anticipation of such acquisition and, in any event, do not extend to any other property or assets of such Person (other than any proceeds thereof); provided, further, however, that any property or assets subject to any such Liens that are not Collateral may be used as cross-collateral for any financing provided by the same lender;

(r) Liens on assets of (i) Subsidiaries securing Indebtedness of any Subsidiary permitted pursuant to Section 8.2.1(b) [Indebtedness], (ii) Joint Ventures securing Indebtedness of any Joint Venture permitted pursuant to Section 8.2.1 [Indebtedness] and (iii) Non-US Subsidiaries that are not Guarantors securing obligations of any Non-US Subsidiary that is not a Guarantor;

(s) Liens on any cash deposits (including, without limitation, earnest money) in connection with any letter of intent or other agreement in connection with a transaction otherwise permitted by this Agreement;

(t) Liens on any Cash Collateral provided pursuant to this Agreement;

(u) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(v) Liens arising out of Sales and Leaseback Transactions permitted by Section 8.2.15 [Sale and Leaseback Transactions];

(w) Liens in favor of the Borrower or any Loan Party;

(x) Liens deemed to exist by reason of any encumbrance or restriction imposed under any contract for the sale by the Borrower or any of its Subsidiaries of any assets (including any Equity Interests) permitted under this Agreement; provided, however, that such Liens extend only to the assets (or Equity Interests) being sold or held for sale;

(y) any judgment Lien not constituting an Event of Default under Section 9.1.6 [Final Judgments or Orders];

(z) Liens securing Indebtedness with respect to Foreign Currency Hedges and Interest Rate Hedges of any Subsidiary that is not a Loan Party, which Indebtedness, in the aggregate, does not exceed \$10,000,000 at any time outstanding;

(aa) Liens on the Finance Lease Energy Assets; and

(bb) Other Liens securing Indebtedness in an aggregate amount not to exceed \$5,000,000 at any time outstanding.

Permitted Refinancing shall mean the issuance of any Indebtedness ("Permitted Refinancing Indebtedness") in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund (collectively, to "Refinance"), the Indebtedness being Refinanced; provided that (a) the principal amount of such Permitted Refinancing Indebtedness

does not exceed the principal amount of the Indebtedness so Refinanced (plus unpaid accrued interest and premium thereon and discounts, fees, commissions and expenses in connection therewith and plus an amount equal to any existing commitments unutilized thereunder), (b) the weighted average life to maturity of the portion of the Permitted Refinancing Indebtedness scheduled to be repaid prior to the Expiration Date is greater than or equal to that of the portion of the Indebtedness being Refinanced scheduled to be repaid prior to the Expiration Date, (c) unless otherwise permitted by this Agreement, no Permitted Refinancing Indebtedness (i) with respect to any Loan Party, shall have different obligors, or greater guarantees or security, than the Indebtedness being Refinanced and (ii) with respect to any Subsidiary that is not a Loan Party, shall have an obligor that is a Loan Party that is not an obligor as of immediately prior to the Refinancing under, or greater security from a Loan Party than, the Indebtedness being Refinanced, and (d) if the Indebtedness being Refinanced is secured by any collateral (whether equally and ratably with, or junior to, Administrative Agent on behalf of the Lenders or otherwise), such Permitted Refinancing Indebtedness may be secured by such collateral (including in respect of working capital facilities of Non-US Subsidiaries otherwise permitted under this Agreement only, any collateral pursuant to after-acquired property clauses to the extent any such collateral secured the Indebtedness being Refinanced) on terms no less favorable, taken as whole, to Administrative Agent on behalf of the Lenders than those contained in the documentation governing the Indebtedness being Refinanced; and provided, further, that with respect to a Refinancing of Permitted Additional Indebtedness, such Permitted Refinancing Indebtedness shall meet the requirements of clauses (a), (b) and (c) of the definition of Permitted Additional Indebtedness.

Permitted Securitization Arrangement shall mean any accounts receivable purchase or factoring arrangement, including a receivables financing facility, of the Loan Parties and their Subsidiaries to the extent that the accounts receivable sold pursuant to each such purchase or factoring arrangement are sold by the Loan Parties and their Subsidiaries on customary terms, including with respect to the non-recourse nature to the Loan Parties of such sale; provided, that the Securitization Amount at any time shall not exceed \$300,000,000.

Person shall mean any individual, corporation, partnership, limited liability company, association, joint-stock company, trust, unincorporated organization, joint venture, government or political subdivision or agency thereof, or any other entity.

Pledge Agreement shall mean, as applicable, (a) the Share Charge substantially in the form of Exhibit 1.1(P)(1), (b) the Shares Pledge Agreement substantially in the form of Exhibit 1.1(P)(2), and (c) the Pledges over Financial Instruments Account (Nantissement de Compte Titres Financiers) substantially in the form of Exhibit 1.1(P)(3), in each case executed and delivered to the Administrative Agent for the benefit of the Lenders.

PNC shall mean PNC Bank, National Association, its successors and assigns.

Potential Default shall mean any event or condition which with notice or passage of time, or both, would constitute an Event of Default.

Prime Rate shall mean the interest rate per annum announced from time to time by the Administrative Agent at its Principal Office as its then prime rate, which rate may not be the lowest or most favorable rate then being charged commercial borrowers or others by the

Administrative Agent. Any change in the Prime Rate shall take effect at the opening of business on the day such change is announced.

Principal Office shall mean the main banking office of the Administrative Agent in Pittsburgh, Pennsylvania.

Prior Security Interest shall mean a valid and enforceable perfected first-priority security interest under, as appropriate, the Uniform Commercial Code, applicable English Law, applicable French Law, applicable Spanish Law, or other Law in the Collateral which is subject only to statutory Liens for taxes not yet due and payable or Purchase Money Security Interests.

Published Rate shall mean the rate of interest published each Business Day in *The Wall Street Journal* "Money Rates" listing under the caption "London Interbank Offered Rates" for a one month period (or, if no such rate is published therein for any reason, then the Published Rate shall be the rate at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market for a one month period as published in another publication selected by the Administrative Agent).

Purchase Money Security Interest shall mean Liens upon tangible personal property securing loans to any Loan Party or Subsidiary of a Loan Party or deferred payments by such Loan Party or Subsidiary for the purchase of such tangible personal property, including under Capital Lease Obligations and Synthetic Lease Obligations.

Qualified ECP Loan Party shall mean each Loan Party that on the Eligibility Date is (a) a corporation, partnership, proprietorship, organization, trust, or other entity other than a "commodity pool" as defined in Section 1a(10) of the CEA and CFTC regulations thereunder that has total assets exceeding \$10,000,000, or (b) an Eligible Contract Participant that can cause another person to qualify as an Eligible Contract Participant on the Eligibility Date under Section 1a(18)(A)(v)(II) of the CEA by entering into or otherwise providing a "letter of credit or keepwell, support, or other agreement" for purposes of Section 1a(18)(A)(v)(II) of the CEA.

Ratable Share shall mean:

(a) with respect to a Lender's obligation to make Revolving Credit Loans, participate in Letters of Credit and other Letter of Credit Obligations, and receive payments, interest, and fees related thereto, the proportion that such Lender's Revolving Credit Commitment bears to the Revolving Credit Commitments of all of the Lenders, provided however that if the Revolving Credit Commitments have terminated or expired, the Ratable Shares for purposes of this clause shall be determined based upon the Revolving Credit Commitments most recently in effect, giving effect to any assignments.

(b) with respect to all other matters as to a particular Lender, the percentage obtained by dividing (i) such Lender's Revolving Credit Commitment, by (ii) the sum of the aggregate amount of the Revolving Credit Commitments of all Lenders; provided however that if the Revolving Credit Commitments have terminated or expired, the computation in this clause shall be determined based upon the Revolving Credit Commitments most recently in effect, giving effect to any assignments, and not on the current amount of the Revolving Credit Commitments and provided further in the case of Section 2.10 [Defaulting Lenders] when a Defaulting Lender

shall exist, "Ratable Share" shall mean the percentage of the aggregate Commitments (disregarding any Defaulting Lender's Commitment) represented by such Lender's Commitment.

Recipient shall mean (a) the Administrative Agent, (b) any Lender and (c) the Issuing Lender, as applicable.

Reference Currency shall have the meaning specified in the definition of "Equivalent Amount."

Reimbursement Obligation shall have the meaning specified in Section 2.9.3 [Disbursements, Reimbursement].

Related Parties shall mean, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

Relevant Interbank Market shall mean in relation to Euros, British Pounds Sterling, Japanese Yen, Swiss Francs or (with regards to Loans in Dollars under the Euro-Rate Option) U.S. Dollars the London Interbank Market, and in relation to any other currencies, the applicable offshore interbank market. Notwithstanding the foregoing, the references to the currencies listed in this definition shall only apply if such currencies are or become available as Optional Currencies in accordance with the terms hereof.

Required Lenders shall mean

(a) If there exists fewer than three (3) Lenders, all Lenders (other than any Defaulting Lender), and

(b) If there exist three (3) or more Lenders, Lenders (other than any Defaulting Lender) having more than fifty percent (50%) of the aggregate amount of the Revolving Credit Commitments of the Lenders (excluding any Defaulting Lender) or, after the termination of the Revolving Credit Commitments, the outstanding Revolving Credit Loans and Ratable Share of Letter of Credit Obligations of the Lenders (excluding any Defaulting Lender).

Required Share shall have the meaning assigned to such term in Section 5.11 [Settlement Date Procedures].

Restricted Payment shall mean, with respect to any Person, (a) any dividend or other distribution of any nature (whether in cash, property, securities or otherwise) on account of or in respect of any class of such Person's Equity Interests or on account of the purchase, redemption, retirement or acquisition of such Person's Equity Interests or (b) any payment of principal of, or any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of, any unsecured Indebtedness prior to the scheduled maturity, scheduled repayment or scheduled sinking fund payment of such principal, other than (i) prepayment of the 2022 Notes or other unsecured Indebtedness pursuant to a Permitted Refinancing thereof, (ii) payment or prepayment of Indebtedness owed to the Spanish Ministry of Industry and Energy related to the Borrower's upgraded metallurgical grade solar silicon project to the extent required by the agreements evidencing or governing such Indebtedness or by the Spanish Ministry of Industry and

Energy, and (iii) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement mandated to be made on the date of payment pursuant to the 2022 Notes (or any Permitted Refinancing thereof) or the 2022 Indenture or any other agreement evidencing or governing other (A) unsecured Indebtedness existing on the Closing Date as they provide on the date of this Agreement (or provide pursuant to a Permitted Refinancing) or (B) other unsecured Indebtedness permitted to be incurred hereunder.

Revolving Credit Available Amount shall mean, as of any date, the lesser of (a) the aggregate amount of the Revolving Credit Commitments and (b) the greater of (i) \$200,000,000 and (ii) the amount derived by the computation under Section 4.01(b)(i)(B) of the 2022 Indenture. Notwithstanding the foregoing, if at any time the restriction contained in Section 4.01(b)(i)(B) of the 2022 Indenture is no longer in effect thereunder or in a refinancing thereof, the Revolving Credit Available Amount shall be the aggregate amount of the Revolving Credit Commitments.

Revolving Credit Commitment shall mean, as to any Lender at any time, the amount initially set forth opposite its name on Schedule 1.1(B) in the column labeled "Amount of Commitment for Revolving Credit Loans," as such Commitment is thereafter assigned or modified and Revolving Credit Commitments shall mean the aggregate Revolving Credit Commitments of all of the Lenders.

Revolving Credit Loans shall mean collectively and Revolving Credit Loan shall mean separately all Revolving Credit Loans or any Revolving Credit Loan made by the Lenders or one of the Lenders to the Borrower pursuant to Section 2.1 [Revolving Credit Commitments] or Section 2.9.3 [Disbursements, Reimbursement].

Revolving Facility Usage shall mean at any time the sum of the outstanding Revolving Credit Loans, the outstanding Swing Loans, and the Letter of Credit Obligations.

Sale and Leaseback Transaction shall have the meaning assigned to such term in Section 8.2.15 [Sale and Leaseback Transactions].

Sanctioned Country shall mean a country subject to a sanctions program maintained under any Anti-Terrorism Law, including but not limited to Syria, North Korea and Iran.

Sanctioned Person shall mean any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person, group, regime, entity or thing, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any Anti-Terrorism Law.

SEC shall mean the United States Securities and Exchange Commission.

Secured Parties shall have, for the purposes of Section 12 [The UK Security Trustee] and Section 13 [The Spanish Security Agent], the meaning assigned to such term in Section 12.1 [UK Security Trustee as Trustee].

Securitization Amount shall mean, as of any date, the aggregate amount of cash consideration paid by any purchasers of receivables under all Permitted Securitization Arrangements, as may be reduced from time to time by collections with respect to such receivables,

but excluding therefrom the aggregate amount of intercompany obligations owed by a special purpose Subsidiary to the Borrower or any of its other Subsidiaries in connection therewith.

Security Agreement shall mean, as applicable, (a) the Security Agreement substantially in the form of Exhibit 1.1(S)(1), (b) the UK Debenture substantially in the form of Exhibit 1.1(S)(2), and (c) each Quotas Pledge Agreement, Credit Rights Over Loan Agreements Pledge Agreement, Bank Accounts Pledge Agreement, and Irrevocable Undertaking to Grant First- Priority Security Interests substantially in the forms of those comprising Exhibit 1.1(S)(3), in each case executed and delivered to the Administrative Agent, the UK Security Trustee or the Spanish Security Agent (as applicable) for the benefit of the Lenders.

Settlement Date shall mean the Business Day on which the Administrative Agent elects to effect settlement pursuant to Section 5.11 [Settlement Date Procedures].

Solvent shall mean, with respect to any Person on any date of determination, taking into account any right of reimbursement, contribution or similar right available to such Person from other Persons, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business, (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (e) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged. In computing the amount of contingent liabilities at any time, it is intended that such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

Spanish Collateral Documents means collectively all agreements, instruments or documents delivered by the Spanish Guarantors or any of its Subsidiaries pursuant to this Agreement or any of the other Loan Documents in order to grant to the Secured Parties, or to the Administrative Agent or the Spanish Security Agent (as applicable) acting on behalf and for the benefit of the Lenders, a lien on certain assets of the Spanish Guarantors or of their Subsidiaries.

Spanish Commercial Code means the Spanish Royal Legislative Decree dated 22 August 1885, approving the Spanish Commercial Code (*Código de Comercio*), as amended from time to time.

Spanish Companies Law shall mean Spanish Royal Legislative Decree 1/2010, of 2 July, approving the Spanish Capital Companies Law (*Ley de Sociedades de Capital*), as amended from time to time.

Spanish Insolvency Act shall mean Spanish Law 22/2003, of 9 July, as amended from time to time.

Spanish Pension Laws shall have the meaning specified in Section 6.1.17(e) [Pension Compliance].

Spanish Person shall mean any Person which is subject to the Spanish Companies Act.

Spanish Security Agent shall mean PNC Bank, National Association, in its capacity as security trustee for itself, the Administrative Agent, the Issuing Bank and the Lenders. Standard & Poor's shall mean Standard & Poor's Financial Services LLC.

Statements shall have the meaning specified in Section 6.1.6(a) [Historical Statements].

Subordinated Indebtedness shall mean Indebtedness of the Borrower or any Guarantor that has been subordinated in writing to the Loans and other Obligations of such Loan Party under the Loan Documents in right and time of payment upon customary terms that are reasonably satisfactory to the Administrative Agent.

Subsidiary of any Person at any time shall mean any corporation, trust, partnership, limited liability company or other business entity (a) of which more than 50% of the outstanding voting securities or other interests normally entitled to vote for the election of one or more directors or trustees (regardless of any contingency which does or may suspend or dilute the voting rights) is at such time owned directly or indirectly by such Person or one or more of such Person's Subsidiaries, or (b) which is controlled or capable of being controlled by such Person or one or more of such Person's Subsidiaries; provided that, with respect to (i) a French Person, a "Subsidiary" of a Person shall mean a business entity over which such Person has from time to time direct or indirect control, as defined in article L.233-3 I and II of the French Commercial Code (*Code de commerce*) and (ii) a Spanish Person, a "Subsidiary" of a Person shall mean a business entity over which such Spanish Person has from time to time control in accordance with the provisions of article 42 of the Spanish Commercial Code.

Subsidiary Equity Interests shall have the meaning specified in Section 6.1.2 [Subsidiaries and Owners; Investment Companies].

Swap shall mean any "swap" as defined in Section 1a(47) of the CEA and regulations thereunder, other than (a) a swap entered into, or subject to the rules of, a board of trade designated as a contract market under Section 5 of the CEA, or (b) a commodity option entered into pursuant to CFTC Regulation 32.3(a).

Swap Obligation shall mean any obligation to pay or perform under any agreement, contract or transaction that constitutes a Swap which is also a Lender Provided Interest Rate Hedge, or a Lender Provided Foreign Currency Hedge.

Swing Loan Commitment shall mean PNC's commitment to make Swing Loans to the Borrower pursuant to Section 2.1.2 [Swing Loan Commitment] hereof in an aggregate principal amount up to \$25,000,000.



Swing Loan Lender shall mean PNC, in its capacity as a lender of Swing Loans.

Swing Loan Note shall mean the Swing Loan Note of the Borrower in the form of Exhibit 1.1(N)(2) evidencing the Swing Loans, together with all amendments, extensions, renewals, replacements, refinancings or refundings thereof in whole or in part.

Swing Loan Request shall mean a request for Swing Loans made in accordance with Section 2.5.2 [Swing Loan Requests] hereof.

Swing Loans shall mean collectively and Swing Loan shall mean separately all Swing Loans or any Swing Loan made by PNC to the Borrower pursuant to Section 2.1.2 [Swing Loan Commitment] hereof.

Synthetic Lease shall mean, as to any Person, (a) any lease (including leases that may be terminated by the lessee at any time) of any property (i) that is accounted for as an operating lease under IFRS and (ii) in respect of which the lessee retains or obtains ownership of the property so leased for U.S. or foreign federal income tax purposes, other than any such lease under which such Person is the lessor or (b) (i) a synthetic, off-balance sheet or tax retention lease, or (ii) an agreement for the use or possession of property (including a Sale and Leaseback Transaction), in each case under this clause (b), creating obligations that do not appear on the balance sheet of such Person but which, upon the application of any Insolvency Laws to such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

Synthetic Lease Obligations shall mean, as to any Person, an amount equal to the capitalized amount of the remaining lease payments under any Synthetic Lease that would appear on a balance sheet of such Person in accordance with IFRS if such obligations were accounted for as Capital Lease Obligations.

Taxes shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Official Body, including any interest, additions to tax or penalties applicable thereto.

Transaction Leverage Requirement shall mean that, as of any date of determination, the Net Total Leverage Ratio does not exceed 2.75 to 1.00.

UCP shall have the meaning specified in Section 11.11.1 [Governing Law].

UK Collateral shall mean all Collateral under any UK Collateral Document from time to time.

UK Collateral Document shall mean the UK Debenture and each other debenture, deed, pledge, security agreement or other similar document governed by the laws of England and Wales entered into by any Loan Party or any other Loan Document for the purpose of creating a Lien on the property of such Loan Party that is (a) organized in the United Kingdom or (b) has property located in the United Kingdom, in each case as the same may be amended, restated, supplemented, or otherwise modified from time to time.

UK Companies Act shall mean the United Kingdom Companies Act 2006, as amended from time to time.

UK CTA shall mean the United Kingdom Corporation Tax Act 2009.

UK Debenture shall mean the English law debenture substantially in the form of Exhibit 1.1(S)(2) executed and delivered to the UK Security Trustee for the benefit of the Lenders.

UK DTTP Filing shall mean an HM Revenue & Customs' Form DTTP2 duly completed and filed with HM Revenue & Customs by the Borrower which contains the scheme reference number and jurisdiction of tax residence of the relevant UK Treaty Lender as notified in writing to the Borrower in accordance with Section 5.9 [Taxes].

UK ITA shall mean the United Kingdom Income Tax Act 2007.

UK Pensions Act shall mean the United Kingdom Pensions Act 2004, as amended from time to time.

UK Qualifying Lender shall mean a Lender which is beneficially entitled to interest payable to that Lender in respect of an advance under a Loan Document and is:

(a) a Lender: (i) which is a bank (as defined for the purpose of section 879 of the UK ITA) making an advance under this Agreement and is within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance or would be within such charge as respects such payments apart from section 18A of the UK CTA; or (ii) in respect of an advance made under this Agreement by a person that was a bank (as defined for the purpose of section 879 of the UK ITA) at the time that advance was made and is within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance; or

(b) a Lender which is: (i) a company resident in the United Kingdom for United Kingdom tax purposes; (ii) a partnership each member of which is a company so resident in the United Kingdom or a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the UK CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the UK CTA; or (iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the UK CTA) of that company; or

(c) a UK Treaty Lender.

UK Security Trustee shall mean PNC Bank, National Association, in its capacity as security trustee for itself, the Administrative Agent, the Issuing Bank and the Lenders.

UK Tax Confirmation shall mean a confirmation by a Lender that the person beneficially entitled to interest payable to that Lender in respect of an advance under this

Agreement is either: (a) a company resident in the United Kingdom for United Kingdom tax purposes; (b) a partnership each member of which is a company so resident in the United Kingdom or a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the UK CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the UK CTA; or (c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the UK CTA) of that company.

UK Treaty Lender shall mean a Lender that:

(a) is treated as a resident of a UK Treaty State for the purposes of the Relevant Treaty (as defined in the definition of UK Treaty State below);

(b) does not carry on a business in the United Kingdom through a permanent establishment through which that Lender's participation in the Loans is effectively connected; and

(c) fulfils any conditions (other than any procedural requirements) which must be fulfilled under the double taxation agreement for residents of that Treaty State to obtain full exemption from United Kingdom taxation on interest payable to that Lender in respect of an advance under this Agreement.

UK Treaty State shall mean a jurisdiction having a double taxation agreement (a "Relevant Treaty") with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

USA PATRIOT Act shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

US Guarantor shall mean each of the US Subsidiaries listed on Schedule 1.1(D) and each other US Subsidiary that joins this Agreement as a Guarantor after the date hereof.

US Person shall mean any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

US Subsidiary shall mean any Subsidiary of the Borrower that is incorporated or organized under the laws of the United States of America, any state thereof or in the District of Columbia.

VAT shall mean (a) any tax imposed in compliance with the system of value added tax (EC Directive of 28 November 2006/112) and (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in clause (a) above, or imposed elsewhere.

Wholly Owned Subsidiary shall mean, as to any Person, any Subsidiary of such Person one hundred percent (100%) of the Equity Interests of which (other than directors'

qualifying Equity Interests and nominal Equity Interests issued to foreign nationals, in each case to the extent required under applicable Law) are at the time owned by such Person or by such Person and one or more Wholly Owned Subsidiaries of such Person.

Withholding Agent shall mean any Loan Party and the Administrative Agent.

Write-Down and Conversion Powers shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.2 Construction. Unless the context of this Agreement otherwise clearly requires, the following rules of construction shall apply to this Agreement and each of the other Loan Documents: (i) references to the plural include the singular, the plural, the part and the whole and the words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”; (ii) the words “hereof,” “herein,” “hereunder,” “hereto” and similar terms in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document as a whole; (iii) article, section, subsection, clause, schedule and exhibit references are to this Agreement or other Loan Document, as the case may be, unless otherwise specified; (iv) reference to any Person includes such Person’s successors and assigns and, in the case of the UK Security Trustee and the Spanish Security Agent, any person for the time being appointed as, respectively, UK Security Trustee or UK Security Trustees or the Spanish Security Agent in accordance with the Loan Documents; (v) reference to any agreement, including this Agreement and any other Loan Document, together with the schedules and exhibits hereto or thereto, document or instrument means such agreement, document or instrument as amended, modified, replaced, substituted for, superseded or restated; (vi) relative to the determination of any period of time, “from” means “from and including,” “to” means “to but excluding,” and “through” means “through and including”; (vii) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, (viii) section headings herein and in each other Loan Document are included for convenience and shall not affect the interpretation of this Agreement or such Loan Document, and (ix) unless otherwise specified, all references herein to times of day shall constitute references to Eastern Time.

1.3 Accounting Principles; Changes in IFRS. Except as otherwise provided in this Agreement, all computations and determinations as to accounting or financial matters and all financial statements to be delivered pursuant to this Agreement shall be made and prepared in accordance with IFRS (including principles of consolidation where appropriate), and all accounting or financial terms shall have the meanings ascribed to such terms by IFRS; provided, however, that all accounting terms used in Section 8.2 [Negative Covenants] (and all defined terms used in the definition of any accounting term used in Section 8.2) shall have the meaning given to such terms (and defined terms) under IFRS as in effect on the date hereof applied on a basis consistent with those used in preparing Statements referred to in Section 6.1.6(a) [Historical Statements]. Notwithstanding the foregoing, if the Borrower notifies the Administrative Agent in writing that the Borrower wishes to amend any financial covenant in Section 8.2 of this Agreement, any related definition and/or the definitions of the terms Net Total Leverage Ratio, Net Secured Leverage Ratio or Material Event for purposes of interest, Letter of Credit Fee and Commitment

Fee, determinations to eliminate the effect of any change in IFRS occurring after the Closing Date on the operation of such financial covenants and/or interest, Letter of Credit Fee or Commitment Fee determinations (or if the Administrative Agent notifies the Borrower in writing that the Required Lenders wish to amend any financial covenant in Section 8.2, any related definition and/or the definitions of the terms Net Total Leverage Ratio, Net Secured Leverage Ratio or Material Event for purposes of interest, Letter of Credit Fee and Commitment Fee, determinations to eliminate the effect of any such change in IFRS), then the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratios or requirements to preserve the original intent thereof in light of such change in IFRS (subject to the approval of the Required Lenders); provided that, until so amended, the Loan Parties' compliance with such covenants and/or the definitions of the terms Net Total Leverage Ratio, Net Secured Leverage Ratio and Material Event, for purposes of interest, Letter of Credit Fee and Commitment Fee, determinations shall be determined on the basis of IFRS in effect immediately before the relevant change in IFRS became effective, until either such notice is withdrawn or such covenants or definitions are amended in a manner satisfactory to the Borrower and the Required Lenders, and the Borrower shall provide to the Administrative Agent, when it delivers its financial statements pursuant to Section 8.3.1 [Quarterly Financial Statements] and 8.3.2 [Annual Financial Statements] of this Agreement, such reconciliation statements as shall be reasonably requested by the Administrative Agent.

1.4 Currency Calculations. All financial statements and Compliance Certificates shall be set forth in Dollars. For purposes of preparing the financial statements, calculating financial covenants and determining compliance with covenants expressed in Dollars, Optional Currencies shall be converted to Dollars in accordance with IFRS.

1.5 Pro Forma Computations. All computations required to be made hereunder (including with respect to the Interest Coverage Ratio, Net Secured Leverage Ratio and Net Total Leverage Ratio) shall be calculated after giving pro forma effect to all Material Acquisitions, Material Dispositions, Permitted Acquisitions or other transactions (and, in the case of any pro forma computations made hereunder to determine whether any such Material Acquisition, Material Disposition, Permitted Acquisition or other transaction is permitted to be consummated hereunder, to any other such transaction consummated since the first day of the period covered by any component of such pro forma computation and on or prior to the date of such computation) as if such transaction had occurred on the first day of the period of four consecutive fiscal quarters ending with the most recent fiscal quarter for which financial statements shall have been delivered pursuant to Section 8.3 (or, prior to the delivery of any such financial statements, ending with the last fiscal quarter included in the interim financial statements referred to in Section 6.1.6(a)) and, to the extent applicable, to the historical earnings and cash flows associated with the assets acquired or disposed of and any related incurrence or reduction of Indebtedness, all in accordance with Article 11 of Regulation S-X under the United States Securities Act of 1933. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any hedging agreement applicable to such Indebtedness if such hedging agreement has a remaining term in excess of 12 months).

## 2. REVOLVING CREDIT AND SWING LOAN FACILITIES

### 2.1 Revolving Credit Commitments.

2.1.1 Revolving Credit Loans; Optional Currency Loans. Subject to the terms and conditions hereof and relying upon the representations and warranties herein set forth, each Lender severally agrees to make Revolving Credit Loans in either Dollars or one or more Optional Currencies to the Borrower at any time or from time to time on or after the date hereof to the Expiration Date; provided that after giving effect to each such Loan (i) the aggregate Dollar Equivalent amount of Revolving Credit Loans from such Lender shall not exceed such Lender's Revolving Credit Commitment, minus such Lender's Ratable Share of the outstanding Swing Loans and Letter of Credit Obligations, (ii) the Revolving Facility Usage shall not exceed the Revolving Credit Commitments, and (iii) no Revolving Credit Loan to which the Base Rate Option applies shall be made in an Optional Currency. Within such limits of time and amount and subject to the other provisions of this Agreement, the Borrower may borrow, repay and reborrow pursuant to this Section 2.1.

2.1.2 Swing Loan Commitment. Subject to the terms and conditions hereof and relying upon the representations and warranties herein set forth, the Swing Loan Lender may, at its option, cancelable at any time for any reason whatsoever, make swing loans in Dollars (the "Swing Loans") to the Borrower at any time or from time to time after the date hereof to, but not including, the Expiration Date, in an aggregate principal amount up to but not in excess of the Swing Loan Commitment, provided that after giving effect to such Loan, the Revolving Facility Usage shall not exceed the aggregate Revolving Credit Commitments of the Lenders. Within such limits of time and amount and subject to the other provisions of this Agreement, the Borrower may borrow, repay and reborrow pursuant to this Section 2.1.2.

2.2 Nature of Lenders' Obligations with Respect to Revolving Credit Loans. Each Lender shall be obligated to participate in each request for Revolving Credit Loans pursuant to Section 2.5 [Revolving Credit Loan Requests; Swing Loan Requests] in accordance with its Ratable Share. The aggregate Dollar Equivalent of each Lender's Revolving Credit Loans outstanding hereunder to the Borrower at any time shall never exceed its Revolving Credit Commitment minus its Ratable Share of the outstanding Swing Loans and Letter of Credit Obligations. The obligations of each Lender hereunder are several. The failure of any Lender to perform its obligations hereunder shall not affect the Obligations of the Borrower to any other party nor shall any other party be liable for the failure of such Lender to perform its obligations hereunder. The Lenders shall have no obligation to make Revolving Credit Loans hereunder on or after the Expiration Date.

2.3 Commitment Fees. Accruing from the date hereof until the Expiration Date, the Borrower agrees to pay to the Administrative Agent for the account of each Lender according to its Ratable Share, a nonrefundable commitment fee (the "Commitment Fee") equal to the Applicable Commitment Fee Rate (computed on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed) multiplied by the average daily difference between (i) the amount of the Revolving Credit Commitments and (ii) an amount equal to the Dollar Equivalent amount of the Revolving Facility Usage on each such day, minus the unpaid principal balance of the Swing Loans on each such day; provided that any Commitment Fee accrued with respect to the Revolving

Credit Commitment of a Defaulting Lender during the period prior to the time such Lender became a Defaulting Lender and unpaid at such time shall not be payable by the Borrower so long as such Lender shall be a Defaulting Lender except to the extent that such Commitment Fee shall otherwise have been due and payable by the Borrower prior to such time; and provided further that no Commitment Fee shall accrue with respect to the Revolving Credit Commitment of a Defaulting Lender so long as such Lender shall be a Defaulting Lender. Subject to the provisos in the directly preceding sentence, all Commitment Fees shall be payable in arrears on each Payment Date and in U.S. Dollars.

2.4 Termination or Reduction of Revolving Credit Commitments. The Borrower shall have the right, upon not less than three (3) Business Days' notice to the Administrative Agent, to terminate the Revolving Credit Commitments or, from time to time, to reduce the aggregate amount of the Revolving Credit Commitments (ratably among the Lenders in proportion to their Ratable Shares); provided that no such termination or reduction of Revolving Credit Commitments shall be permitted if, after giving effect thereto and to any prepayments of the Revolving Credit Loans made on the effective date thereof, the Revolving Facility Usage would exceed the aggregate Revolving Credit Commitments of the Lenders. Any such reduction shall be in an amount equal to \$5,000,000, or a whole multiple thereof, and shall reduce permanently the Revolving Credit Commitments then in effect. Any such reduction or termination shall be accompanied by prepayment of the Notes, together with outstanding Commitment Fees, and the full amount of interest accrued on the principal sum to be prepaid (and all amounts referred to in Section 5.10 [Indemnity] hereof) to the extent necessary to cause the aggregate Revolving Facility Usage after giving effect to such prepayments to be equal to or less than the Revolving Credit Commitments as so reduced or terminated. Any notice to reduce the Revolving Credit Commitments under this Section 2.4 shall be irrevocable; provided that any such notice may state that such notice is conditioned upon the occurrence of one or more events specified therein, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.

2.5 Revolving Credit Loan Requests; Swing Loan Requests.

2.5.1 Revolving Credit Loan Requests. Except as otherwise provided herein, the Borrower may from time to time prior to the Expiration Date request the Lenders to make Revolving Credit Loans, or renew or convert the Interest Rate Option applicable to existing Revolving Credit Loans pursuant to Section 4.2 [Interest Periods], by delivering to the Administrative Agent, not later than 10:00 a.m., (i) three (3) Business Days prior to the proposed Borrowing Date with respect to the making of Revolving Credit Loans in Dollars to which the Euro-Rate Option applies or the conversion to or the renewal of the Euro-Rate Option for any Loans in Dollars; (ii) not later than 10:00 a.m., (a) four (4) Business Days prior to the proposed Borrowing Date with respect to the making of Optional Currency Loans or the date of conversion to or renewal of the Euro-Rate Option for any Optional Currency Loan, and (b) the same Business Day of the proposed Borrowing Date with respect to the making of a Revolving Credit Loan to which the Base Rate Option applies or the last day of the preceding Interest Period with respect to the conversion to the Base Rate Option for any Loan, of a duly completed request therefor substantially in the form of Exhibit 2.5.1 or a request by telephone promptly (and in any event by 2:00 p.m. on such day) confirmed in writing by letter, facsimile or telex in such form (each, a "Loan Request"), it being understood that the Administrative Agent may rely on the authority of

any individual making such a telephonic request without the necessity of receipt of such written confirmation. Each Loan Request shall be irrevocable and shall specify (A) the aggregate amount of the proposed Loans comprising each Borrowing Tranche, which amount shall be in the minimum amount of \$5,000,000 (or the Dollar Equivalent thereof), and in integral multiples of \$1,000,000 (or the Dollar Equivalent thereof) in excess thereof, for each Borrowing Tranche, (B) which Interest Rate Option shall apply to the proposed Dollar denominated Loans comprising the applicable Borrowing Tranche, (C) the currency in which each Borrowing Tranche shall be funded if the Borrower elects an Optional Currency, (D) an appropriate Interest Period, if applicable, and (E) the proposed Borrowing Date.

2.5.2 Swing Loan Requests. Except as otherwise provided herein, the Borrower may from time to time prior to the Expiration Date request the Swing Loan Lender to make Swing Loans by delivery to the Swing Loan Lender not later than 12:00 noon on the proposed Borrowing Date of a duly completed request therefor substantially in the form of Exhibit 2.5.2 hereto or a request by telephone promptly (and in any event by 2:00 p.m. on such day) confirmed in writing by letter, facsimile or telex (each, a “Swing Loan Request”), it being understood that the Administrative Agent may rely in good faith on the authority of any individual making such a telephonic request without the necessity of receipt of such written confirmation. Each Swing Loan Request shall be irrevocable and shall specify the proposed Borrowing Date and the principal amount of such Swing Loan, which shall be not less than \$100,000.

2.6 Making Revolving Credit Loans and Swing Loans; Presumptions by the Administrative Agent; Repayment of Revolving Credit Loans; Borrowings to Repay Swing Loans.

2.6.1 Making Revolving Credit Loans. The Administrative Agent shall, promptly after receipt by it of a Loan Request pursuant to Section 2.5 [Revolving Credit Loan Requests; Swing Loan Requests], notify the Lenders of its receipt of such Loan Request specifying the information provided by the Borrower, including the currency in which the Revolving Credit Loan is requested, and the apportionment among the Lenders of the requested Revolving Credit Loans as determined by the Administrative Agent in accordance with Section 2.2 [Nature of Lenders’ Obligations with Respect to Revolving Credit Loans]. Each Lender shall remit the principal amount of each Revolving Credit Loan in the requested currency (in the case of Optional Currency Loans, in Dollars if so requested by the Administrative Agent) to the Administrative Agent such that the Administrative Agent is able to, and the Administrative Agent shall, to the extent the Lenders have made funds available to it for such purpose and subject to Section 7.2 [Each Loan or Letter of Credit], fund such Revolving Credit Loans to the Borrower in U.S. Dollars or the requested Optional Currency (as applicable) in immediately available funds at the Principal Office prior to 2:00 p.m., on the applicable Borrowing Date; provided that if any Lender fails to remit such funds to the Administrative Agent in a timely manner, the Administrative Agent may elect in its sole discretion to fund with its own funds, including funds in the requested Optional Currency, the Revolving Credit Loans of such Lender on such Borrowing Date, and such Lender shall be subject to the repayment obligation in Section 2.6.2 [Presumptions by the Administrative Agent].

2.6.2 Presumptions by the Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed time of any Base Rate Loan, or, for Loans other than Base Rate Loans, prior to the close of business the day before the



Borrowing Date, that such Lender will not make available to the Administrative Agent such Lender's share of such Loan, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.6.1 [Making Revolving Credit Loans] and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Loan available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in the appropriate currency with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of the Federal Funds Effective Rate (or, for payments in an Optional Currency, the Overnight Rate), and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to Loans under the Base Rate Option. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Loan to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

2.6.3 Making Swing Loans. So long as the Swing Loan Lender elects to make Swing Loans, the Swing Loan Lender shall, after receipt by it of a Swing Loan Request pursuant to Section 2.5.2, [Swing Loan Requests] fund such Swing Loan to the Borrower in U.S. Dollars only and in immediately available funds at the Principal Office prior to 4:00 p.m. on the Borrowing Date.

2.6.4 Repayment of Revolving Credit Loans. The Borrower shall repay the Revolving Credit Loans together with all outstanding interest thereon on the Expiration Date.

2.6.5 Borrowings to Repay Swing Loans. The Swing Loan Lender may, at its option, exercisable at any time for any reason whatsoever, demand repayment of the Swing Loans, and each Lender shall make a Revolving Credit Loan in an amount equal to such Lender's Ratable Share of the aggregate principal amount of the outstanding Swing Loans, plus, if the Swing Loan Lender so requests, accrued interest thereon, provided that no Lender shall be obligated in any event to make Revolving Credit Loans in excess of its Revolving Credit Commitment minus its Ratable Share of Letter of Credit Obligations. Revolving Credit Loans made pursuant to the preceding sentence shall bear interest at the Base Rate Option and shall be deemed to have been properly requested in accordance with Section 2.5.1 [Revolving Credit Loan Requests] without regard to any of the requirements of that provision. The Swing Loan Lender shall provide notice to the Lenders (which may be telephonic or written notice by letter, facsimile or telex) that such Revolving Credit Loans are to be made under this Section 2.6.5 and of the apportionment among the Lenders, and the Lenders shall be unconditionally obligated to fund such Revolving Credit Loans (whether or not the conditions specified in Section 2.5.1 [Revolving Credit Loan Requests] are then satisfied) by the time the Swing Loan Lender so requests, which shall not be earlier than 3:00 p.m. on the Business Day next after the date the Lenders receive such notice from the Swing Loan Lender.

2.6.6 Swing Loans Under Cash Management Agreements. In addition to making Swing Loans pursuant to the foregoing provisions of Section 2.6.3 [Making Swing Loans], without the requirement for a specific request from the Borrower pursuant to Section 2.5.2 [Swing Loan Requests], the Swing Loan Lender may make Swing Loans to the Borrower in accordance with the provisions of the agreements between the Borrower and the Swing Loan Lender relating to the Borrower's deposit, sweep and other accounts at such Swing Loan Lender and related arrangements and agreements regarding the management and investment of the Borrower's cash assets as in effect from time to time (the "Cash Management Agreements") to the extent of the daily aggregate net negative balance in the Borrower's accounts which are subject to the provisions of the Cash Management Agreements. Swing Loans made pursuant to this Section 2.6.6 in accordance with the provisions of the Cash Management Agreements shall (i) be subject to the limitations as to aggregate amount set forth in Section 2.1.2 [Swing Loan Commitment], (ii) not be subject to the limitations as to individual amount set forth in Section 2.5.2 [Swing Loan Requests], (iii) be payable by the Borrower, both as to principal and interest, at the rates and times set forth in the Cash Management Agreements (but in no event later than the Expiration Date), (iv) not be made at any time after such Swing Loan Lender has received written notice of the occurrence of an Event of Default and so long as such shall continue to exist, or, unless consented to by the Required Lenders, a Potential Default and so long as such shall continue to exist, (v) if not repaid by the Borrower in accordance with the provisions of the Cash Management Agreements, be subject to each Lender's obligation pursuant to Section 2.6.5 [Borrowings to Repay Swing Loans], and (vi) except as provided in the foregoing subsections (i) through (v), be subject to all of the terms and conditions of this Section 2.

2.7 Notes. The Obligation of the Borrower to repay the aggregate unpaid principal amount of the Revolving Credit Loans and Swing Loans made to the Borrower by each Lender, together with interest thereon, shall be evidenced by a revolving credit Note and a swing Note, dated the Closing Date payable to the order of such Lender in a face amount equal to the Revolving Credit Commitment and Swing Loan Commitment, as applicable, of such Lender.

2.8 Use of Proceeds. The proceeds of the Loans shall be used (i) for the payment of fees, costs and expenses relating to the Loan Documents and the transactions contemplated thereby, (ii) to refinance the Indebtedness of the Borrower and Globe under the Existing Credit Agreement, and (iii) for working capital, capital expenditures, Permitted Acquisitions, Permitted Investments and other general company purposes, in each case to the extent permitted hereunder.

2.9 Letter of Credit Subfacility.

2.9.1 Issuance of Letters of Credit. Upon the effectiveness of this Agreement, each Existing Letter of Credit shall constitute a "Letter of Credit" for all purposes of this Agreement, issued, for purposes of this Section 2.9, on the Closing Date (provided that any and all issuance fees and letter of credit risk participation fees accrued to the Closing Date in respect thereof pursuant to the Existing Credit Agreement shall have been paid in full on or before the Closing Date; provided further that fees may, pursuant to agreement between the applicable Loan Party and Citizens Bank of Pennsylvania, be due upon presentment of drafts); all of the risk participation exposures in respect of the Existing Letters of Credit shall be deemed to be assumed by the Lenders ratably according to their respective Revolving Credit Commitments; and the Loan Parties, the Administrative Agent and each Issuing Lender hereby agree that, from and after the

Closing Date, the terms of this Agreement shall apply to the Existing Letters of Credit, superseding any other agreement theretofore applicable to them to the extent inconsistent with the terms hereof. The Parent hereby unconditionally and irrevocably (subject to the provisions of this Section 2.9) assumes all Letter of Credit Obligations in respect of each Existing Letter of Credit.

The Borrower or any other Loan Party may at any time prior to the Expiration Date request the issuance of a standby or trade letter of credit (each a "Letter of Credit"), which may be denominated in either Dollars or an Optional Currency, for its own account or the account of another Loan Party or any Subsidiary, or the amendment or extension of an existing Letter of Credit, by delivering or transmitting electronically, or having such other Loan Party deliver or transmit electronically, to the Issuing Lender (with a copy to the Administrative Agent) a completed application for letter of credit, or request for such amendment or extension, as applicable, in such form as the Issuing Lender may specify from time to time by no later than 10:00 a.m. at least five (5) Business Days, or such shorter period as may be agreed to by the Issuing Lender, in advance of the proposed date of issuance. The Borrower or other Loan Party shall authorize and direct the Issuing Lender to name the Borrower or Loan Party or other Subsidiary as the "Applicant" or "Account Party" of each Letter of Credit. Promptly after receipt of any letter of credit application, the Issuing Lender shall confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit application and if not, such Issuing Lender will provide the Administrative Agent with a copy thereof.

2.9.1.1 Unless the Issuing Lender has received notice from any Lender, the Administrative Agent or any Loan Party, at least one day prior to the requested date of issuance, amendment or extension of the applicable Letter of Credit, that one or more applicable conditions in Section 7 [Conditions of Lending and Issuance of Letters of Credit] is not satisfied, then, subject to the terms and conditions hereof and in reliance on the agreements of the other Lenders set forth in this Section 2.9, the Issuing Lender or any of the Issuing Lender's Affiliates will issue the proposed Letter of Credit or agree to such amendment or extension, provided that each Letter of Credit shall (A) have a maximum maturity of twelve (12) months from the date of issuance, and (B) in no event expire later than five (5) Business Days prior to the Expiration Date and provided further that in no event shall (i) the Letter of Credit Obligations exceed, at any one time, Twenty-five Million Dollars (\$25,000,000) (the "Letter of Credit Sublimit") or (ii) the Revolving Facility Usage exceed, at any one time, the Revolving Credit Commitments. Each request by the Borrower or other Loan Party for the issuance, amendment or extension of a Letter of Credit shall be deemed to be a representation by the Borrower that the Borrower shall be in compliance with the preceding sentence and with Section 7.2 [Each Loan or Letter of Credit] after giving effect to the requested issuance, amendment or extension of such Letter of Credit. Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to the beneficiary thereof, the applicable Issuing Lender will also deliver to the Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

2.9.1.2 Notwithstanding Section 2.9.1.1, the Issuing Lender shall not be under any obligation to issue any Letter of Credit if (i) any order, judgment or decree of any Official Body or arbitrator shall by its terms purport to enjoin or restrain the Issuing Lender from issuing the Letter of Credit, or any Law applicable to the Issuing Lender or any request or directive (whether or not having the force of law) from any Official Body with jurisdiction over the Issuing Lender shall prohibit, or request that the Issuing Lender refrain from, the issuance of letters of

credit generally or the Letter of Credit in particular or shall impose upon the Issuing Lender with respect to the Letter of Credit any restriction, reserve or capital requirement (for which the Issuing Lender is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the Issuing Lender any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the Issuing Lender in good faith deems material to it, or (ii) the issuance of the Letter of Credit would violate one or more policies of the Issuing Lender applicable to letters of credit generally.

2.9.2 Letter of Credit Fees. The Borrower shall pay in Dollars, or at the Administrative Agent's option, the Optional Currency in which each Letter of Credit is issued (i) to the Administrative Agent for the ratable account of the Lenders a fee (the "Letter of Credit Fee") equal to the Applicable Letter of Credit Fee Rate on the daily amount available to be drawn under each Letter of Credit, and (ii) to the Issuing Lender for its own account a fronting fee equal to one-eighth percent (0.125%) per annum on the daily amount available to be drawn under each Letter of Credit. All Letter of Credit Fees and fronting fees shall be computed on the basis of a year of 360 days and actual days elapsed and shall be payable quarterly in arrears on each Payment Date following issuance of each Letter of Credit. The Borrower shall also pay (in Dollars) to the Issuing Lender for the Issuing Lender's sole account the Issuing Lender's then in effect customary fees and administrative expenses payable with respect to the Letters of Credit as the Issuing Lender may generally charge or incur from time to time in connection with the issuance, maintenance, amendment (if any), assignment or transfer (if any), negotiation, and administration of Letters of Credit.

2.9.3 Disbursements, Reimbursement. Immediately upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Issuing Lender a participation in such Letter of Credit and each drawing thereunder in an amount equal to such Lender's Ratable Share of the maximum amount available to be drawn under such Letter of Credit and the amount of such drawing, respectively, in each case in the currency in which each Letter of Credit is issued.

2.9.3.1 In the event of any request for a drawing under a Letter of Credit by the beneficiary or transferee thereof, the Issuing Lender will promptly notify the Borrower and the Administrative Agent thereof. Provided that the Borrower shall have received such notice, the Borrower shall reimburse (such obligation to reimburse the Issuing Lender shall sometimes be referred to as a "Reimbursement Obligation") the Issuing Lender prior to 12:00 noon on each date that an amount is paid by the Issuing Lender under any Letter of Credit (each such date, a "Drawing Date") by paying to the Administrative Agent for the account of the Issuing Lender an amount equal to the amount so paid by the Issuing Lender in the same currency as paid, unless otherwise required by the Administrative Agent or the Issuing Lender. In the event the Borrower fails to reimburse the Issuing Lender (through the Administrative Agent) for the full amount of any drawing under any Letter of Credit by 12:00 noon on the Drawing Date, the Administrative Agent will promptly notify each Lender thereof, and the Borrower shall be deemed to have requested that Revolving Credit Loans in U.S. Dollars (and, if the Letter of Credit was denominated in another currency, in the Dollar Equivalent amount to the amount paid by the Issuing Lender in such other currency on the Drawing Date thereof) be made by the Lenders under the Base Rate Option to be disbursed on the Drawing Date under such Letter of Credit, subject to the amount of the unutilized portion of the Revolving Credit Commitments and subject to the

conditions set forth in Section 7.2 [Each Loan or Letter of Credit] other than any notice requirements. Any notice given by the Administrative Agent or Issuing Lender pursuant to this Section 2.9.3.1 may be oral if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice. Notwithstanding anything herein to the contrary, in the event that Revolving Credit Loans cannot be advanced to reimburse the Issuing Lender as aforesaid (whether due to an insufficient amount of unutilized portion of the Revolving Credit Commitments or the inability to satisfy the conditions set forth in Section 7.2 [Each Loan or Letter of Credit]), the Administrative Agent shall so notify the Borrower, and the Borrower shall pay to the Issuing Lender, no later than three (3) Business Days after such notice from the Administrative Agent, (a) the applicable Reimbursement Obligation and (b) interest on the amount of such Reimbursement Obligation from the Drawing Date to, but not including, the date of payment at the rate then applicable under the Base Rate Option; provided that unless and until, if ever, the Borrower fails to pay the amounts under clauses (a) and (b) on or before such third Business Day, the Borrower's failure to so reimburse the Issuing Lender on the Drawing Date shall not constitute a Potential Default or an Event of Default.

2.9.3.2 Each Lender shall upon any notice pursuant to Section 2.9.3.1 make available to the Administrative Agent for the account of the Issuing Lender an amount in Dollars in immediately available funds equal to its Ratable Share of the amount of the drawing (and, if the Letter of Credit was denominated in another currency, in the Dollar Equivalent amount to the amount paid by the Issuing Lender in such other currency on the Drawing Date thereof), whereupon the participating Lenders shall (subject to Section 2.9.3 [Disbursements; Reimbursement]) each be deemed to have made a Revolving Credit Loan under the Base Rate Option to the Borrower in that amount. If any Lender so notified fails to make available in Dollars to the Administrative Agent for the account of the Issuing Lender the amount of such Lender's Ratable Share of such amount by no later than 2:00 p.m. on the Drawing Date, then interest shall accrue on such Lender's obligation to make such payment, from the Drawing Date to the date on which such Lender makes such payment (i) at a rate per annum equal to the Federal Funds Effective Rate during the first three (3) days following the Drawing Date and (ii) at a rate per annum equal to the rate applicable to Revolving Credit Loans under the Base Rate Option on and after the fourth day following the Drawing Date. The Administrative Agent and the Issuing Lender will promptly give notice (as described in Section 2.9.3.1 above) of the occurrence of the Drawing Date, but failure of the Administrative Agent or the Issuing Lender to give any such notice on the Drawing Date or in sufficient time to enable any Lender to effect such payment on such date shall not relieve such Lender from its obligation under this Section 2.9.3.2.

2.9.3.3 With respect to any unreimbursed drawing that is not converted into Revolving Credit Loans in Dollars under the Base Rate Option to the Borrower in whole or in part as contemplated by Section 2.9.3.1, because of the Borrower's failure to satisfy the conditions set forth in Section 7.2 [Each Loan or Letter of Credit] other than any notice requirements, or for any other reason, the Borrower shall be deemed to have incurred from the Issuing Lender a borrowing (each a "Letter of Credit Borrowing") in Dollars in the amount of such drawing (and, if the Letter of Credit was denominated in another currency, in the Dollar Equivalent amount to the amount paid by the Issuing Lender in such other currency on the Drawing Date thereof). Such Letter of Credit Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the rate per annum applicable to the Revolving Credit Loans under the Base Rate Option. Each Lender's payment to the Administrative Agent for the account

of the Issuing Lender pursuant to Section 2.9.3 [Disbursements, Reimbursement] shall be deemed to be a payment in respect of its participation in such Letter of Credit Borrowing (each a "Participation Advance") from such Lender in satisfaction of its participation obligation under this Section 2.9.3.

2.9.4 Repayment of Participation Advances.

2.9.4.1 Upon (and only upon) receipt by the Administrative Agent for the account of the Issuing Lender of immediately available funds from the Borrower (i) in reimbursement of any payment made by the Issuing Lender under the Letter of Credit with respect to which any Lender has made a Participation Advance to the Administrative Agent, or (ii) in payment of interest on such a payment made by the Issuing Lender under such a Letter of Credit, the Administrative Agent on behalf of the Issuing Lender will pay to each Lender, in the same funds as those received by the Administrative Agent, the amount of such Lender's Ratable Share of such funds, except the Administrative Agent shall retain for the account of the Issuing Lender the amount of the Ratable Share of such funds of any Lender that did not make a Participation Advance in respect of such payment by the Issuing Lender.

2.9.4.2 If the Administrative Agent is required at any time to return to any Loan Party, or to a trustee, receiver, liquidator, administrator, custodian, or any official in any Insolvency Proceeding, any portion of any payment made by any Loan Party to the Administrative Agent for the account of the Issuing Lender pursuant to this Section in reimbursement of a payment made under any Letter of Credit or interest or fees thereon, each Lender shall, on demand of the Administrative Agent, forthwith return to the Administrative Agent for the account of the Issuing Lender the amount of its Ratable Share of any amounts so returned by the Administrative Agent plus interest thereon from the date such demand is made to the date such amounts are returned by such Lender to the Administrative Agent, at a rate per annum equal to the Federal Funds Effective Rate (or, for any payment in an Optional Currency, the Overnight Rate) in effect from time to time.

2.9.5 Documentation. Each Loan Party agrees to be bound by the terms of the Issuing Lender's application and agreement for letters of credit and the Issuing Lender's written regulations and customary practices relating to letters of credit, though such interpretation may be different from such Loan Party's own. In the event of a conflict between such application or agreement and this Agreement, this Agreement shall govern. It is understood and agreed that, except in the case of gross negligence or willful misconduct, the Issuing Lender shall not be liable for any error, negligence and/or mistakes, whether of omission or commission, in following any Loan Party's instructions or those contained in the Letters of Credit or any modifications, amendments or supplements thereto.

2.9.6 Determinations to Honor Drawing Requests. In determining whether to honor any request for drawing under any Letter of Credit by the beneficiary thereof, the Issuing Lender shall be responsible only to determine that the documents and certificates required to be delivered under such Letter of Credit have been delivered and that they comply on their face with the requirements of such Letter of Credit.

2.9.7 Nature of Participation and Reimbursement Obligations. Each Lender's obligation in accordance with this Agreement to make the Revolving Credit Loans or Participation Advances, as contemplated by Section 2.9.3 [Disbursements, Reimbursement], as a result of a drawing under a Letter of Credit, and the Obligations of the Borrower to reimburse the Issuing Lender upon a draw under a Letter of Credit, shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Section 2.9 under all circumstances, including the following circumstances:

(a) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Issuing Lender or any of its Affiliates, the Borrower or any other Person for any reason whatsoever, or which any Loan Party may have against the Issuing Lender or any of its Affiliates, any Lender or any other Person for any reason whatsoever;

(b) the failure of any Loan Party or any other Person to comply, in connection with a Letter of Credit Borrowing, with the conditions set forth in Sections 2.1 [Revolving Credit Commitments], 2.5 [Revolving Credit Loan Requests; Swing Loan Requests], 2.6 [Making Revolving Credit Loans and Swing Loans; Etc.] or 7.2 [Each Loan or Letter of Credit] or as otherwise set forth in this Agreement for the making of a Revolving Credit Loan, it being acknowledged that such conditions are not required for the making of a Letter of Credit Borrowing and the obligation of the Lenders to make Participation Advances under Section 2.9.3 [Disbursements, Reimbursement];

(c) any lack of validity or enforceability of any Letter of Credit;

(d) any claim of breach of warranty that might be made by any Loan Party or any Lender against any beneficiary of a Letter of Credit, or the existence of any claim, set-off, recoupment, counterclaim, crossclaim, defense or other right which any Loan Party or any Lender may have at any time against a beneficiary, successor beneficiary any transferee or assignee of any Letter of Credit or the proceeds thereof (or any Persons for whom any such transferee may be acting), the Issuing Lender or its Affiliates or any Lender or any other Person, whether in connection with this Agreement, the transactions contemplated herein or any unrelated transaction (including any underlying transaction between any Loan Party or Subsidiaries of a Loan Party and the beneficiary for which any Letter of Credit was procured);

(e) the lack of power or authority of any signer of (or any defect in or forgery of any signature or endorsement on) or the form of or lack of validity, sufficiency, accuracy, enforceability or genuineness of any draft, demand, instrument, certificate or other document presented under or in connection with any Letter of Credit, or any fraud or alleged fraud in connection with any Letter of Credit, or the transport of any property or provision of services relating to a Letter of Credit, in each case even if the Issuing Lender or any of its Affiliates has been notified thereof;

(f) payment by the Issuing Lender or any of its Affiliates under any Letter of Credit against presentation of a demand, draft or certificate or other document which does not comply with the terms of such Letter of Credit;

(g) the solvency of, or any acts or omissions by, any beneficiary of any Letter of Credit, or any other Person having a role in any transaction or obligation relating to a Letter of Credit, or the existence, nature, quality, quantity, condition, value or other characteristic of any property or services relating to a Letter of Credit;

(h) any failure by the Issuing Lender or any of its Affiliates to issue any Letter of Credit in the form requested by any Loan Party, unless the Issuing Lender has received written notice from such Loan Party of such failure within three Business Days after the Issuing Lender shall have furnished such Loan Party and the Administrative Agent a copy of such Letter of Credit and such error is material and no drawing has been made thereon prior to receipt of such notice;

(i) any adverse change in the business, operations, properties, assets, condition (financial or otherwise) or prospects of any Loan Party or Subsidiaries of a Loan Party;

(j) any breach of this Agreement or any other Loan Document by any party thereto;

(k) the occurrence or continuance of an Insolvency Proceeding with respect to any Loan Party;

(l) the fact that an Event of Default or a Potential Default shall have occurred and be continuing;

(m) the fact that the Expiration Date shall have passed or this Agreement or the Commitments hereunder shall have been terminated; and

(n) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

2.9.8 Indemnity. The Borrower hereby agrees to protect, indemnify, pay and save harmless the Issuing Lender and any of its Affiliates that has issued a Letter of Credit from and against any and all claims, demands, liabilities, damages, penalties, interest, judgments, losses, costs, charges and expenses (including reasonable fees, expenses and disbursements of counsel and allocated costs of internal counsel) which the Issuing Lender or any of its Affiliates may incur or be subject to as a consequence, direct or indirect, of the issuance of any Letter of Credit, other than as a result of the gross negligence or willful misconduct of the Issuing Lender as determined by a final non-appealable judgment of a court of competent jurisdiction.

2.9.9 Liability for Acts and Omissions. As between any Loan Party and the Issuing Lender, or the Issuing Lender's Affiliates, such Loan Party assumes all risks of the acts and omissions of, or misuse of the Letters of Credit by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, the Issuing Lender shall not be responsible for any of the following, including any losses or damages to any Loan Party or other Person or property relating therefrom: (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for an issuance of any such Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged (even if the Issuing Lender or its Affiliates



shall have been notified thereof); (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) the failure of the beneficiary of any such Letter of Credit, or any other party to which such Letter of Credit may be transferred, to comply fully with any conditions required in order to draw upon such Letter of Credit or any other claim of any Loan Party against any beneficiary of such Letter of Credit, or any such transferee, or any dispute between or among any Loan Party and any beneficiary of any Letter of Credit or any such transferee; (iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (v) errors in interpretation of technical terms; (vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (vii) the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (viii) any consequences arising from causes beyond the control of the Issuing Lender or its Affiliates, as applicable, including any act or omission of any Official Body, and none of the above shall affect or impair, or prevent the vesting of, any of the Issuing Lender's or its Affiliates' rights or powers hereunder. Nothing in the preceding sentence shall relieve the Issuing Lender from liability for the Issuing Lender's gross negligence or willful misconduct in connection with actions or omissions described in such clauses (i) through (viii) of such sentence. In no event shall the Issuing Lender or its Affiliates be liable to any Loan Party for any indirect, consequential, incidental, punitive, exemplary or special damages or expenses (including attorneys' fees), or for any damages resulting from any change in the value of any property relating to a Letter of Credit.

Without limiting the generality of the foregoing, the Issuing Lender and each of its Affiliates (i) may rely on any oral or other communication believed in good faith by the Issuing Lender or such Affiliate to have been authorized or given by or on behalf of the applicant for a Letter of Credit, (ii) may honor any presentation if the documents presented appear on their face substantially to comply with the terms and conditions of the relevant Letter of Credit; (iii) may honor a previously dishonored presentation under a Letter of Credit, whether such dishonor was pursuant to a court order, to settle or compromise any claim of wrongful dishonor, or otherwise, and shall be entitled to reimbursement to the same extent as if such presentation had initially been honored, together with any interest paid by the Issuing Lender or its Affiliate; (iv) may honor any drawing that is payable upon presentation of a statement advising negotiation or payment, upon receipt of such statement (even if such statement indicates that a draft or other document is being delivered separately), and shall not be liable for any failure of any such draft or other document to arrive, or to conform in any way with the relevant Letter of Credit; (v) may pay any paying or negotiating bank claiming that it rightfully honored under the laws or practices of the place where such bank is located; and (vi) may settle or adjust any claim or demand made on the Issuing Lender or its Affiliate in any way related to any order issued at the applicant's request to an air carrier, a letter of guarantee or of indemnity issued to a carrier or any similar document (each an "Order") and honor any drawing in connection with any Letter of Credit that is the subject of such Order, notwithstanding that any drafts or other documents presented in connection with such Letter of Credit fail to conform in any way with such Letter of Credit.

In furtherance and extension and not in limitation of the specific provisions set forth above, any action taken or omitted by the Issuing Lender or its Affiliates under or in connection

with the Letters of Credit issued by it or any documents and certificates delivered thereunder, if taken or omitted in good faith, shall not put the Issuing Lender or its Affiliates under any resulting liability to the Borrower or any Lender.

2.9.10 Issuing Lender Reporting Requirements. Each Issuing Lender shall, on the first Business Day of each month, provide to the Administrative Agent and the Borrower a schedule of the Letters of Credit issued by it, in form and substance satisfactory to the Administrative Agent, showing the date of issuance of each Letter of Credit, the account party, the original face amount (if any), and the expiration date of any Letter of Credit outstanding at any time during the preceding month, and any other information relating to such Letter of Credit that the Administrative Agent may request.

2.10 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 2.3 [Commitment Fees];

(b) the Commitments and outstanding Loans of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 11.1 [Modifications, Amendments or Waivers]); provided, that this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender directly affected thereby;

(c) if any Swing Loans are outstanding or any Letter of Credit Obligations exist at the time such Lender becomes a Defaulting Lender, then:

(i) all or any part of the outstanding Swing Loans and Letter of Credit Obligations of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Ratable Shares but only to the extent that (A) the Revolving Facility Usage does not exceed the total of all non-Defaulting Lenders' Revolving Credit Commitments, and (B) no Potential Default or Event of Default has occurred and is continuing at such time;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within two (2) Business Days following notice by the Administrative Agent (A) first, prepay such outstanding Swing Loans, and (B) second, Cash Collateralize in an amount not less than the Minimum Collateral Amount for the benefit of the Issuing Lender the Borrower's obligations corresponding to such Defaulting Lender's Letter of Credit Obligations (after giving effect to any partial reallocation pursuant to clause (i) above) in a deposit account held at the Administrative Agent for so long as such Letter of Credit Obligations are outstanding;

(iii) if the Borrower Cash Collateralizes any portion of such Defaulting Lender's Letter of Credit Obligations pursuant to clause (ii) above, the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.9.2 [Letter of

Credit Fees] with respect to such Defaulting Lender's Letter of Credit Obligations during the period such Defaulting Lender's Letter of Credit Obligations are Cash Collateralized;

(iv) if the Letter of Credit Obligations of the non-Defaulting Lenders are reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.9.2 [Letter of Credit Fees] shall be adjusted in accordance with such non-Defaulting Lenders' Ratable Share; and

(v) if all or any portion of such Defaulting Lender's Letter of Credit Obligations are neither reallocated nor Cash Collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the Issuing Lender or any other Lender hereunder, all Letter of Credit Fees payable under Section 2.9.2 [Letter of Credit Fees] with respect to such Defaulting Lender's Letter of Credit Obligations shall be payable to the Issuing Lender (and not to such Defaulting Lender) until and to the extent that such Letter of Credit Obligations are reallocated and/or Cash Collateralized; and

(d) so long as such Lender is a Defaulting Lender, the Swing Loan Lender shall not be required to fund any Swing Loans and the Issuing Lender shall not be required to issue, amend or increase any Letter of Credit, unless such Issuing Lender is satisfied that the related exposure and the Defaulting Lender's then outstanding Letter of Credit Obligations will be 100% covered by the Revolving Credit Commitments of the non-Defaulting Lenders and/or Cash Collateral will be provided by the Borrower in accordance with Section 2.10(c), and participating interests in any newly made Swing Loan or any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.10(c)(i) (and such Defaulting Lender shall not participate therein).

The Borrower hereby grants, and to the extent provided by any Defaulting Lender, such Defaulting Lender hereby grants, to the Administrative Agent, the UK Security Trustee or the Spanish Security Agent (as applicable), for the benefit of the Issuing Lender, and agrees to maintain, a first priority security interest in all such Cash Collateral as security for the Defaulting Lender's obligation to fund participations in respect of Letter of Credit Obligations, to be applied pursuant to this Agreement. If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent, the UK Security Trustee, the Spanish Security Agent and the Issuing Lender as herein provided, or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Borrower will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

If (i) a Bankruptcy Event with respect to a parent company of any Lender shall occur following the date hereof and for so long as such event shall continue, or (ii) the Swing Loan Lender or the Issuing Lender has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, the Swing Loan Lender shall not be required to fund any Swing Loan and the Issuing Lender shall not be required to issue, amend or increase any Letter of Credit, unless the Swing Loan Lender or the Issuing Lender, as the case may be, shall have entered into arrangements with the Borrower or

such Lender, satisfactory to the Swing Loan Lender or the Issuing Lender, as the case may be, to defease any risk to it in respect of such Lender hereunder.

In the event that the Administrative Agent, the Borrower, the Swing Loan Lender and the Issuing Lender agree in writing that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Administrative Agent will so notify the parties hereto, and the Ratable Share of the Swing Loans and Letter of Credit Obligations of the non-Defaulting Lenders shall be readjusted to reflect the inclusion of such Lender's (that is, former Defaulting Lender's) Commitment, and on such date such Lender shall purchase at par such of the Loans of the other Lenders (other than Swing Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Ratable Share, whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

## 2.11 Utilization of Commitments in Optional Currencies.

2.11.1 Periodic Computations of Dollar Equivalent Amounts of Revolving Credit Loans that are Optional Currency Loans and Letters of Credit Outstanding; Repayment in Same Currency. For purposes of determining utilization of the Revolving Credit Commitments, the Administrative Agent will determine the Dollar Equivalent amount of (i) the outstanding and proposed Revolving Credit Loans that are Optional Currency Loans and Letters of Credit to be denominated in an Optional Currency as of the requested Borrowing Date or date of issuance, as the case may be, (ii) the outstanding Letter of Credit Obligations denominated in an Optional Currency as of the last Business Day of each month, and (iii) the outstanding Revolving Credit Loans denominated in an Optional Currency as of the end of each Interest Period (each such date under clauses (i) through (iii), and any other date on which the Administrative Agent determines it is necessary or advisable to make such computation, in its sole discretion, is referred to as a "Computation Date"). Unless otherwise provided in this Agreement or agreed to by the Administrative Agent and the Borrower, each Loan and Reimbursement Obligation shall be repaid or prepaid in the same currency in which the Loan or Reimbursement Obligation was made.

### 2.11.2 European Monetary Union.

(a) Payments In Euros Under Certain Circumstances. If (i) any Optional Currency ceases to be lawful currency of the nation issuing the same and is replaced by the Euro or (ii) any Optional Currency and the Euro are at the same time recognized by any Official Body of the nation issuing such currency as lawful currency of such nation and the Administrative Agent or the Required Lenders shall so request in a notice delivered to the Borrower, then any amount payable hereunder by any party hereto in such Optional Currency shall instead be payable in the Euro and the amount so payable shall be determined by translating the amount payable in such Optional Currency to the Euro at the exchange rate established by that nation for the purpose of implementing the replacement of the relevant Optional Currency by the Euro (and the provisions governing payments in Optional Currencies in this Agreement shall apply to such payment in the

Euro as if such payment in the Euro were a payment in an Optional Currency). Prior to the occurrence of the event or events described in clause (i) or (ii) of the preceding sentence, each amount payable hereunder in any Optional Currency will, except as otherwise provided herein, continue to be payable only in that currency.

(b) Additional Compensation Under Certain Circumstances. The Borrower agrees, at the request of any Lender, to compensate such Lender for any loss, cost, expense or reduction in return that such Lender shall reasonably determine shall be incurred or sustained by such Lender as a result of the replacement of any Optional Currency by the Euro and that would not have been incurred or sustained but for the transactions provided for herein. A certificate of any Lender setting forth such Lender's determination of the amount or amounts necessary to compensate such Lender shall be delivered to the Borrower and shall be conclusive absent manifest error so long as such determination is made on a reasonable basis. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof. .

(c) Requests for Additional Optional Currencies. The Borrower may deliver to the Administrative Agent a written request that Revolving Credit Loans hereunder also be permitted to be made in any other lawful currency (other than Dollars), in addition to the currencies specified in the definition of "Optional Currency" herein, provided that such currency must be freely traded in the offshore interbank foreign exchange markets, freely transferable, freely convertible into Dollars and available to the Lenders in the Relevant Interbank Market. The Administrative Agent will promptly notify the Lenders of any such request promptly after the Administrative Agent receives such request. The Administrative Agent will promptly notify the Borrower of the acceptance or rejection by the Administrative Agent and each of the Lenders of the Borrower's request. The requested currency shall be approved as an Optional Currency hereunder only if the Administrative Agent and all of the Lenders approve of the Borrower's request.

## 2.12 Extensions of the Expiration Date.

2.12.1 First Request; Approval by All Lenders. Upon or promptly after delivery by the Borrower of the annual financial statements to be provided hereunder for the fiscal year ending December 31, 2019 or any subsequent fiscal year, the Borrower may request a one-year extension of the Expiration Date (that is, to February 27, 2022) by written notice to the Lenders, and the Lenders agree to respond to the Borrower's request for an extension within of sixty (60) days following receipt of the request; provided, however, that the failure of any Lender to respond within such time period shall not in any manner constitute an agreement by such Lender to extend the Expiration Date. If all Lenders elect so to extend, the Expiration Date shall be extended for a period of one year to February 27, 2022. If one or more Lenders decline to extend or do not respond to the Borrower's request, the provisions of Section 2.12.3 [Approval by Required Lenders] shall apply.

2.12.2 Second Request; Approval by All Lenders. If the Expiration Date has been extended to February 27, 2022 upon and subject to the provisions of Section 2.12.1 [First Request; Approval by All Lenders], upon or promptly after delivery by the Borrower of the annual financial statements to be provided hereunder for the fiscal year ending December 31, 2020 or any subsequent fiscal year, the Borrower may request a one-year extension of the Expiration Date (that is, to

February 27, 2023) by written notice to the Lenders, and the Lenders agree to respond to the Borrower's request for an extension within sixty (60) days following receipt of the request; provided, however, that the failure of any Lender to respond within such time period shall not in any manner constitute an agreement by such Lender to extend the Expiration Date. If all Lenders elect so to extend, the Expiration Date shall be extended for a period of one year. If one or more Lenders decline to extend or do not respond to the Borrower's request, the provisions of Section 2.12.3 [Approval by Required Lenders] shall apply.

2.12.3 Approval by Required Lenders. In the event that one or more Lenders do not agree to extend the then current Expiration Date (herein, the "Current Expiration Date") or do not respond to Borrower's request for an extension within the time required under, as applicable, Section 2.12.1 [First Request; Approval by All Lenders] or Section 2.12.2 [Second Request; Approval by All Lenders] (each a "Lender to be Terminated"), but the Required Lenders agree to such extension within such 60-day period, then, at the option of the Borrower:

(a) the Borrower may replace the Lender (or Lenders) to be Terminated pursuant to Section 11.14 [Replacement of Lenders]; or

(b) the Expiration Date shall so be extended as to all Lenders, other than the Lender (or Lenders) to be Terminated (the "Extending Lenders"); and on the Current Expiration Date (i) the Borrower shall pay all Loan principal, interest, Commitment Fees and other Obligations then owing to each Lender to be Terminated, (ii) the Commitment(s) of each Lender to be Terminated shall terminate, and (iii) the Commitments shall consist only of the Commitments of the Extending Lenders.

Each Extending Lender hereby waives the pro rata sharing provisions of this Agreement, including Sections 5.2 [Pro Rata Treatment of Lenders] and 5.3 [Sharing of Payments by Lenders], with respect to the payments to, and terminations of Commitments of, each Lender to be Terminated contemplated by paragraph (b) this Section 2.12.3.

### 3. INCREASE IN REVOLVING CREDIT COMMITMENTS

3.1 Increasing Lenders and New Lenders. The Borrower may, at any time prior to the Expiration Date, but not more than twice, request that (1) the current Lenders increase their Revolving Credit Commitments (any current Lender which elects to increase its Revolving Credit Commitment shall be referred to as an "Increasing Lender") or (2) one or more new lenders (each a "New Lender") join this Agreement and provide a Revolving Credit Commitment hereunder, subject to the following terms and conditions:

(a) No Obligation to Increase. No current Lender shall be obligated to increase its Revolving Credit Commitment, and any increase in the Revolving Credit Commitment of any current Lender shall be in the sole discretion of such current Lender.

(b) Defaults. There shall exist no Events of Default or Potential Default on the effective date of such increase after giving effect to such increase.

(c) Aggregate Revolving Credit Commitments. The amount of such increase, when added to the aggregate amount of all previous increases in the Revolving Credit Commitments theretofore effective pursuant to this Section 3.1, shall not exceed \$100,000,000.

(d) Minimum Revolving Credit Commitments. After giving effect to such increase, the amount of the Revolving Credit Commitments provided by each of the New Lenders and each of the Increasing Lenders shall be at least \$25,000,000.

(e) Resolutions; Opinion. The Loan Parties shall deliver to the Administrative Agent on or before the effective date of such increase the following documents in a form reasonably acceptable to the Administrative Agent: (1) certifications of their corporate secretaries with attached resolutions certifying that the increase in the Revolving Credit Commitment has been approved by such Loan Parties, and (2) an opinion of counsel addressed to the Administrative Agent and the Lenders addressing the authorization and execution of the Loan Documents by, and enforceability of the Loan Documents against, the Loan Parties.

(f) Notes. The Borrower shall execute and deliver (1) to each Increasing Lender a replacement revolving credit Note reflecting the new amount of such Increasing Lender's Revolving Credit Commitment after giving effect to the increase (and the prior Note issued to such Increasing Lender shall be deemed to be terminated) and (2) to each New Lender a revolving credit Note reflecting the amount of such New Lender's Revolving Credit Commitment.

(g) Approval of New Lenders. Any New Lender shall be subject to the approval of the Administrative Agent, the Issuing Lender and the Swing Loan Lender (such approvals not to be unreasonably withheld, conditioned or delayed).

(h) Increasing Lenders. Each Increasing Lender shall confirm its agreement to increase its Revolving Credit Commitment pursuant to an acknowledgement in a form acceptable to the Administrative Agent, signed by it and the Borrower and delivered to the Administrative Agent at least five (5) days before the effective date of such increase.

(i) New Lenders--Joinder. Each New Lender shall execute a lender joinder in substantially the form of Exhibit 3.1 pursuant to which such New Lender shall join and become a party to this Agreement and the other Loan Documents with a Revolving Credit Commitment in the amount set forth in such lender joinder.

### 3.2 Treatment of Outstanding Loans and Letters of Credit.

(a) Repayment of Outstanding Loans; Borrowing of New Loans. On the effective date of any increase in the Revolving Credit Commitments pursuant to Section 3.1 [Increasing Lenders and New Lenders], the Borrower shall repay all Loans then outstanding, subject to the Borrower's indemnity obligations under Section 5.10 [Indemnity]; provided that it may borrow new Loans with a Borrowing Date on such date. Each of the Lenders shall participate in any new Loans made on or after such date in accordance with their respective Ratable Shares after giving effect to the increase in Revolving Credit Commitments contemplated by this Section 3.2.

(b) Outstanding Letters of Credit. Repayment of Outstanding Loans; Borrowing of New Loans. On the effective date of any increase in the Revolving Credit Commitments pursuant to Section 3.1 [Increasing Lenders and New Lenders], each Increasing Lender and each New Lender (i) will be deemed to have purchased a participation in each then outstanding Letter of Credit equal to its Ratable Share of such Letter of Credit and the participation of each other Lender in such Letter of Credit shall be adjusted accordingly and (ii) will acquire, (and will pay to the Administrative Agent, for the account of each Lender, in immediately available funds, an amount equal to) its Ratable Share of all outstanding Participation Advances.

#### 4. INTEREST RATES

4.1 Interest Rate Options. The Borrower shall pay interest in respect of the outstanding unpaid principal amount of the Loans as selected by it from the Base Rate Option or Euro-Rate Option set forth below applicable to the Loans, it being understood that, subject to the provisions of this Agreement, the Borrower may select different Interest Rate Options and different Interest Periods to apply simultaneously to the Loans comprising different Borrowing Tranches and may convert to or renew one or more Interest Rate Options with respect to all or any portion of the Loans comprising any Borrowing Tranche; provided that there shall not be at any one time outstanding more than six (6) Borrowing Tranches in the aggregate among all of the Loans and provided further that if an Event of Default or Potential Default exists and is continuing, the Borrower may not request, convert to, or renew the Euro-Rate Option for any Loans, and the Required Lenders may demand that all existing Borrowing Tranches bearing interest under the Euro-Rate Option shall be converted at the end of the applicable Interest Period to the Base Rate Option. If at any time the designated rate applicable to any Loan made by any Lender exceeds such Lender's highest lawful rate, the rate of interest on such Lender's Loan shall be limited to such Lender's highest lawful rate. Interest on the principal amount of each Optional Currency Loan shall be paid by the Borrower in such Optional Currency.

4.1.1 Revolving Credit Interest Rate Options. The Borrower shall have the right to select from the following Interest Rate Options applicable to the Revolving Credit Loans:

(a) Revolving Credit Base Rate Option: A fluctuating rate per annum equal to the Base Rate plus the Applicable Margin, such interest rate to change automatically from time to time effective as of the effective date of each change in the Base Rate; or

(b) Revolving Credit Euro-Rate Option: A rate per annum equal to the Euro-Rate as determined for each applicable Interest Period plus the Applicable Margin.

4.1.2 Swing Loan Interest. The Swing Loans shall bear interest at a rate per annum (computed on the basis of a year of 360 days and actual days elapsed) as is agreed upon by the Borrower and the Swing Loan Lender for each such Loan (the "Other Agreed Rate"), or, in the absence of such agreement, at the rate applicable under the Base Rate Option for Revolving Credit Loans.

4.1.3 Rate Calculations; Rate Quotations. All computations of interest for Base Rate Loans (including Base Rate Loans determined by reference to the Daily LIBOR Rate) shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All



other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed or, in the case of interest in respect of Loans denominated in Optional Currencies as to which market practice differs from the foregoing, in accordance with such market practice. The Borrower may call the Administrative Agent on or before the date on which a Loan Request is to be delivered to receive an indication of the rates then in effect, but it is acknowledged that such projection shall not be binding on the Administrative Agent or the Lenders nor affect the rate of interest which thereafter is actually in effect when the election is made.

4.2 Interest Periods. At any time when the Borrower shall select, convert to or renew a Euro-Rate Option, the Borrower shall notify the Administrative Agent thereof by delivering a Loan Request to the Administrative Agent (i) at least three (3) Business Days prior to the effective date of such Euro-Rate Option with respect to a Loan denominated in Dollars, and (ii) at least four (4) Business Days prior to the effective date of such Euro-Rate Option with respect to an Optional Currency Loan. The notice shall specify an Interest Period during which such Interest Rate Option shall apply. Notwithstanding the preceding sentence, the following provisions shall apply to any selection of, renewal of, or conversion to a Euro-Rate Option:

4.2.1 Amount of Borrowing Tranche. Each Borrowing Tranche of Loans under the Euro-Rate Option shall be in integral multiples of, and not less than, the respective amounts set forth in Section 2.5.1 [Revolving Credit Loan Requests];

4.2.2 Renewals. In the case of the renewal of a Euro-Rate Option at the end of an Interest Period, the first day of the new Interest Period shall be the last day of the preceding Interest Period, without duplication in payment of interest for such day; and

4.2.3 No Conversion of Optional Currency Loans. No Optional Currency Loan may be converted into a Loan with a different Interest Rate Option, or a Loan denominated in a different Optional Currency.

4.3 Interest After Default. To the extent permitted by Law, upon the occurrence of an Event of Default and until such time such Event of Default shall have been cured or waived, at the discretion of the Administrative Agent or upon written demand by the Required Lenders to the Administrative Agent:

4.3.1 Letter of Credit Fees, Interest Rate. The Letter of Credit Fees and the rate of interest for each Loan otherwise applicable pursuant to Section 2.9.2 [Letter of Credit Fees] and Section 4.1 [Interest Rate Options], respectively, shall be increased by two percent (2.00%) per annum;

4.3.2 Other Obligations. Each other Obligation hereunder if not paid when due shall bear interest at a rate per annum equal to the sum of the rate of interest applicable to Revolving Credit Loans under the Base Rate Option plus an additional two percent (2.00%) per annum from the time such Obligation becomes due and payable and until it is Paid In Full; and

4.3.3 Acknowledgment. The Borrower acknowledges that the increase in rates referred to in this Section 4.3 reflects, among other things, the fact that such Loans or other amounts have become a substantially greater risk given its default status and that the Lenders are

entitled to additional compensation for such risk; and all such interest shall be payable by the Borrower upon demand by the Administrative Agent.

4.4 Rates Unascertainable; Illegality; Increased Costs; Deposits Not Available; Optional Currency Not Available.

4.4.1 Unascertainable. Subject to Section 4.5 [Termination of LIBOR], if on any date on which a Euro-Rate would otherwise be determined, the Administrative Agent shall have determined that:

(a) adequate and reasonable means do not exist for ascertaining such Euro-Rate, or

(b) a contingency has occurred which materially and adversely affects the Relevant Interbank Market relating to the Euro-Rate, then the Administrative Agent shall have the rights specified in Section 4.4.4 [Administrative Agent's and Lender's Rights].

4.4.2 Illegality; Increased Costs. Subject to Section 4.5 [Termination of LIBOR], if at any time any Lender shall have determined that:

(a) the making, maintenance or funding of any Loan to which a Euro-Rate Option applies has been made impracticable or unlawful by compliance by such Lender in good faith with any Law or any interpretation or application thereof by any Official Body or with any request or directive of any such Official Body (whether or not having the force of Law), or

(b) such Euro-Rate Option will not adequately and fairly reflect the cost to such Lender of the establishment or maintenance of any such Loan, then the Administrative Agent shall have the rights specified in Section 4.4.4 [Administrative Agent's and Lender's Rights].

4.4.3 Optional Currency Not Available. If at any time the Administrative Agent shall have determined that a fundamental change has occurred in the foreign exchange or interbank markets with respect to any Optional Currency (including, without limitation, changes in national or international financial, political or economic conditions or currency exchange rates or exchange controls), then (i) the Administrative Agent shall notify the Borrower of any such determination, and (ii) the Administrative Agent shall have the rights specified in Section 4.4.4 [Administrative Agent's and Lender's Rights].

4.4.4 Administrative Agent's and Lender's Rights. Subject to Section 4.5 [Termination of LIBOR], in the case of any event specified in Section 4.4.1 [Unascertainable] or Section 4.4.3 [Optional Currency Not Available] above, the Administrative Agent shall promptly so notify the Lenders and the Borrower thereof, and in the case of an event specified in Section 4.4.2 [Illegality; Increased Costs; Deposits Not Available] above, such Lender shall promptly so notify the Administrative Agent and endorse a certificate to such notice as to the specific circumstances of such notice, and the Administrative Agent shall promptly send copies of

such notice and certificate to the other Lenders and the Borrower. Upon such date as shall be specified in such notice (which shall not be earlier than the date such notice is given), the obligation of (A) the Lenders, in the case of such notice given by the Administrative Agent, or (B) such Lender, in the case of such notice given by such Lender, to allow the Borrower to select, convert to or renew a Euro-Rate Option or select an Optional Currency, as applicable, shall be suspended until the Administrative Agent shall have later notified the Borrower, or such Lender shall have later notified the Administrative Agent, of the Administrative Agent's or such Lender's, as the case may be, determination that the circumstances giving rise to such previous determination no longer exist. If at any time the Administrative Agent makes a determination under Section 4.4.1 [Unascertainable] and the Borrower has previously notified the Administrative Agent of its selection of, conversion to, or renewal of a Euro-Rate Option, and such Interest Rate Option has not yet gone into effect, such notification shall be deemed to provide for selection of, conversion to or renewal of the Base Rate Option otherwise available with respect to such Loans. If any Lender notifies the Administrative Agent of a determination under Section 4.4.2 [Illegality; Increased Costs], the Borrower shall, subject to the Borrower's indemnification Obligations under Section 5.10 [Indemnity], as to any Loan of the Lender to which a Euro-Rate Option applies, on the date specified in such notice either (i) as applicable, convert such Loan to the Base Rate Option otherwise available with respect to such Loan or select a different Optional Currency or Dollars, or (ii) prepay such Loan in accordance with Section 5.6 [Voluntary Prepayments]. Absent due notice from the Borrower of conversion or prepayment, such Loan shall automatically be converted to the Base Rate Option otherwise available with respect to such Loan upon such specified date. If the Administrative Agent makes a determination under Section 4.4.3 [Optional Currency Not Available] then, until the Administrative Agent notifies the Borrower that the circumstances giving rise to such determination no longer exist, (i) the availability of Loans in the affected Optional Currency shall be suspended, (ii) the outstanding Loans in such affected Optional Currency shall be converted into Dollar Loans (in an amount equal to the Dollar Equivalent of such outstanding Optional Currency Loans) (x) on the last day of the then current Interest Period if the Lenders may lawfully continue to maintain Loans in such Optional Currency to such day, or (y) immediately if the Lenders may not lawfully continue to maintain Loans in such Optional Currency, and interest thereon shall thereafter accrue at the Base Rate Option.

#### 4.5 Termination of LIBOR.

(a) If the Administrative Agent determines (which determination shall be final and conclusive, absent manifest error) that either (a) (i) the circumstances set forth in Section 4.4.1 [Unascertainable] have arisen and are unlikely to be temporary, or (ii) the circumstances set forth in Section 4.4.1 have not arisen but the applicable supervisor or administrator (if any) of the Euro-Rate or an Official Body having jurisdiction over the Administrative Agent has made a public statement identifying the specific date after which the Euro-Rate shall no longer be used for determining interest rates for loans (either such date, a "LIBOR Termination Date"), or (b) a rate other than the Euro-Rate has become a widely recognized benchmark rate for newly originated loans in Dollars or an Optional Currency in the U.S. market, then the Administrative Agent may (in consultation with the Borrower) choose a replacement index for the Euro-Rate and make adjustments to applicable margins and related amendments to this Agreement as referred to below such that, to the extent practicable, the all-in interest rate based on the replacement index will be substantially equivalent to the all-in Euro-Rate -based interest rate in effect prior to its replacement.

(b) The Administrative Agent and the Borrower shall enter into an amendment to this Agreement to reflect the replacement index, the adjusted margins and such other related amendments as may be appropriate, in the discretion of the Administrative Agent, for the implementation and administration of the replacement index-based rate. Notwithstanding anything to the contrary in this Agreement or the other Loan Documents (including, without limitation, Section 11.1 [Modifications, Amendments or Waivers]), such amendment shall become effective without any further action or consent of any other party to this Agreement at 5:00 p.m. on the fifth (5th) Business Day after the date a draft of the amendment is provided to the Lenders, unless the Administrative Agent receives, on or before such fifth (5th) Business Day, a written notice from the Required Lenders stating that such Lenders object to such amendment.

(c) Selection of the replacement index, adjustments to the applicable margins, and amendments to this Agreement (i) will be determined with due consideration to the then-current market practices for determining and implementing a rate of interest for newly originated loans in the United States and loans converted from a Euro-Rate-based rate to a replacement index-based rate, and (ii) may also reflect adjustments to account for (A) the effects of the transition from the Euro-Rate to the replacement index and (B) yield- or risk-based differences between the Euro-Rate and the replacement index.

(d) Until an amendment reflecting a new replacement index in accordance with this Section 4.5 is effective, each advance, conversion and renewal of a Loan under the Euro-Rate Option will continue to bear interest with reference to the Euro-Rate; provided however, that if the Administrative Agent determines (which determination shall be final and conclusive, absent manifest error) that a LIBOR Termination Date has occurred, then following the LIBOR Termination Date, all Loans as to which the Euro-Rate Option would otherwise apply shall automatically be converted to the Base Rate Option until such time as an amendment reflecting a replacement index and related matters as described above is implemented.

(e) Notwithstanding anything to the contrary contained herein, if at any time the replacement index is less than zero, at such times, such index shall be deemed to be zero for purposes of this Agreement.

4.6 Selection of Interest Rate Options. If the Borrower fails to select a new Interest Period to apply to any Borrowing Tranche of Loans under the Euro-Rate Option at the expiration of an existing Interest Period applicable to such Borrowing Tranche in accordance with the provisions of Section 4.2 [Interest Periods], the Borrower shall be deemed to have selected the Euro-Rate Option for an additional Interest Period of one month, commencing upon the last day of the existing Interest Period, unless less than one month remains until the Expiration Date, in which event the Borrower shall be deemed to have converted such Borrowing Tranche to the Base Rate Option, commencing upon the last day of the existing Interest Period, and such currency conversion to U.S. Dollars shall be determined by the Administrative Agent at the time of such conversion.

## 5. PAYMENTS

5.1 Payments. All payments and prepayments to be made in respect of principal, interest, Commitment Fees, Letter of Credit Fees, Administrative Agent's Fee or other fees or

amounts due from the Borrower hereunder shall be payable prior to 11:00 a.m. on the date when due without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrower, and without set-off, counterclaim or other deduction of any nature, and an action therefor shall immediately accrue. Such payments shall be made to the Administrative Agent at the Principal Office for the account of the Swing Loan Lender with respect to the Swing Loans and for the ratable accounts of the Lenders with respect to the Revolving Credit Loans in U.S. Dollars (except as otherwise expressly provided in this Agreement) and in immediately available funds, and the Administrative Agent shall promptly distribute such amounts to the Lenders in immediately available funds; provided that in the event payments are received by 11:00 a.m. by the Administrative Agent with respect to the Loans and such payments are not distributed to the Lenders on the same day received by the Administrative Agent, the Administrative Agent shall pay the Lenders interest at the Federal Funds Effective Rate in the case of Loans or other amounts due in Dollars, or the Overnight Rate in the case of Loans or other amounts due in an Optional Currency, with respect to the amount of such payments for each day held by the Administrative Agent and not distributed to the Lenders. The Administrative Agent's and each Lender's statement of account, ledger or other relevant record shall, in the absence of manifest error, be conclusive as the statement of the amount of principal of and interest on the Loans and other amounts owing under this Agreement (including the Equivalent Amounts of the applicable currencies where such computations are required) and shall be deemed an "account stated". All payments of principal and interest made in respect of the Loans must be repaid in the same currency (whether Dollars or the applicable Optional Currency) in which such Loan was made and all Unpaid Drawings with respect to each Letter of Credit shall be made in the same currency (whether Dollars or the applicable Optional Currency) in which such Letter of Credit was issued. The Administrative Agent may (but shall not be obligated to) debit the amount of any such payment which is not made by such time to any ordinary deposit account of the Borrower with the financial institution that then serves as the Administrative Agent.

5.2 Pro Rata Treatment of Lenders. Each borrowing of Revolving Credit Loans shall be allocated to each Lender according to its Ratable Share, and each selection of, conversion to or renewal of any Interest Rate Option and each payment or prepayment by the Borrower with respect to principal, interest, Commitment Fees and Letter of Credit Fees (but excluding the Administrative Agent's Fee and the Issuing Lender's fronting fee) shall (except as otherwise may be provided with respect to a Defaulting Lender and except as provided in Sections 4.4.4 [Administrative Agent's and Lender's Rights] in the case of an event specified in Section 4.4 [Rate Unascertainable; Etc.], 5.8 [Increased Costs] or 11.14 [Replacement of a Lender]) be payable ratably among the Lenders entitled to such payment in accordance with the amount of principal, interest, Commitment Fees and Letter of Credit Fees, as set forth in this Agreement. Notwithstanding any of the foregoing, each borrowing or payment or prepayment by the Borrower of principal, interest, fees or other amounts from the Borrower with respect to Swing Loans shall be made by or to the Swing Loan Lender according to Section 2.6.5 [Borrowings to Repay Swing Loans].

5.3 Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff, counterclaim or banker's lien, by receipt of voluntary payment, by realization upon security, or by any other non-pro rata source, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender's receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such

obligations greater than the pro-rata share of the amount such Lender is entitled thereto, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(a) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, together with interest or other amounts, if any, required by Law (including court order) to be paid by the Lender or the holder making such purchase; and

(b) the provisions of this Section 5.3 shall not be construed to apply to (x) any payment made by the Loan Parties pursuant to and in accordance with the express terms of the Loan Documents or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or Participation Advances to any assignee or participant, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this Section 5.3 shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of each Loan Party in the amount of such participation.

5.4 Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Lender hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Lender, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Lender, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or the Issuing Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate (or, for payments in an Optional Currency, the Overnight Rate) and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

5.5 Interest Payment Dates. Interest on Loans to which the Base Rate Option applies shall be due and payable in arrears on each Payment Date. Interest on Loans to which the Euro- Rate Option applies shall be due and payable on the last day of each Interest Period for those Loans and, if such Interest Period is longer than three (3) Months, also on the 90th day of such Interest Period. Interest on mandatory prepayments of principal under Section 5.7 [Mandatory Prepayments] shall be due on the date such mandatory prepayment is due. Interest on the principal

amount of each Loan or other monetary Obligation shall be due and payable on demand after such principal amount or other monetary Obligation becomes due and payable (whether on the stated Expiration Date, upon acceleration or otherwise).

5.6 Voluntary Prepayments.

5.6.1 Right to Prepay. The Borrower shall have the right at its option from time to time to prepay the Loans in whole or part without premium or penalty (except as provided in Section 5.8 [Increased Costs], Section 5.10 [Indemnity] and Section 11.14 [Replacement of a Lender] below). Whenever the Borrower desires to prepay any part of the Loans, it shall provide a prepayment notice to the Administrative Agent by 1:00 p.m. at least one (1) Business Day prior to the date of prepayment of the Revolving Credit Loans denominated in Dollars, and at least four (4) Business Days prior to the date of prepayment of any Optional Currency Loans, or no later than 1:00 p.m. on the date of prepayment of Swing Loans, setting forth the following information:

- (a) the date, which shall be a Business Day, on which the proposed prepayment is to be made;
- (b) a statement indicating the application of the prepayment between the Revolving Credit Loans and Swing Loans;
- (c) a statement indicating the application of the prepayment between Loans to which the Base Rate Option applies and Loans and Optional Currencies to which the Euro-Rate Option applies; and
- (d) the total principal amount of such prepayment, which shall not be less than the lesser of (i) the Revolving Facility Usage or (ii) \$50,000 for any Swing Loan or \$1,000,000 (or the Dollar Equivalent thereof) for any Revolving Credit Loan.

All prepayment notices shall be irrevocable; provided that (A) if a notice of voluntary prepayment is given in connection with a conditional notice of termination of the Revolving Credit Commitments as contemplated by Section 2.4 [Termination or Reduction of Revolving Credit Commitments], then such notice of prepayment may be revoked if such notice of termination is revoked and (B) a notice of voluntary prepayment may state that such notice is conditioned upon the occurrence of one or more events specified therein, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified date of prepayment) if such condition is not satisfied. The principal amount of the Loans for which a prepayment notice is given, together with interest on such principal amount, shall be due and payable on the date specified in such prepayment notice as the date on which the proposed prepayment is to be made. Except as provided in Section 4.4.4 [Administrative Agent's and Lender's Rights], if the Borrower prepays a Loan but fails to specify the applicable Borrowing Tranche which the Borrower is prepaying, the prepayment shall be applied first to the Revolving Credit Loans to which the Base Rate Option applies, then to Revolving Credit Loans which are not Optional Currency Loans to which the Euro-Rate Option applies, then to Optional Currency Loans, then to Swing Loans to which the Base Rate Option applies, then to Swing Loans to which the Other Agreed Rate applies. Any prepayment hereunder shall be subject to the Borrower's Obligation to indemnify the Lenders under Section 5.10 [Indemnity]. Prepayments shall be made

in the currency in which such Loan was made unless otherwise directed by the Administrative Agent.

5.6.2 Reserved.

5.6.3 Designation of a Different Lending Office. If any Lender requests compensation under Section 5.8 [Increased Costs], or the Borrower is or will be required to pay any Indemnified Taxes or additional amounts to any Lender or any Official Body for the account of any Lender pursuant to Section 5.9 [Taxes], then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 5.8 [Increased Costs] or Section 5.9 [Taxes], as the case may be, in the future, and (ii) would not subject such Lender to any material unreimbursed cost or expense and would not otherwise be materially disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

5.7 Mandatory Prepayment for Currency Fluctuations. If on any Computation Date the Revolving Facility Usage is equal to or greater than the Revolving Credit Commitments as a result of a change in exchange rates between one (1) or more Optional Currencies and Dollars, then the Administrative Agent shall notify the Borrower of the same. The Borrower shall pay or prepay the Loans (subject to Borrower's indemnity obligations under Sections 5.8 [Increased Costs] and 5.10 [Indemnity]) within five (5) Business Days after receiving such notice such that the Revolving Facility Usage shall not exceed the aggregate Revolving Credit Commitments after giving effect to such payments or prepayments.

5.8 Increased Costs.

5.8.1 Increased Costs Generally. If any Change in Law shall:

(a) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement, which is addressed separately in this Section 5.8) or the Issuing Lender;

(b) subject any Recipient to any Taxes (other than (i) Indemnified Taxes, (ii) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (iii) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(c) impose on any Lender, the Issuing Lender or the Relevant Interbank Market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender, the Issuing Lender or



such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender, the Issuing Lender or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, the Issuing Lender or other Recipient, the Borrower will pay to such Lender, the Issuing Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Lender, as the case may be, for such additional costs incurred or reduction suffered.

5.8.2 Capital Requirements. If any Lender or an Issuing Lender determines that any Change in Law affecting such Lender or the Issuing Lender or any lending office of such Lender or such Lender's or such Issuing Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Lender's capital or on the capital of such Lender's or the Issuing Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit or Swing Loans held by, such Lender, or the Letters of Credit issued by such Issuing Lender, to a level below that which such Lender or such Issuing Lender or such Lender's or such Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Lender's policies and the policies of such Lender's or such Issuing Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or such Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender or such Issuing Lender or such Lender's or such Issuing Lender's holding company for any such reduction suffered.

5.8.3 Certificates for Reimbursement; Repayment of Outstanding Loans; Borrowing of New Loans. A certificate of a Lender or an Issuing Lender setting forth the amount or amounts necessary to compensate such Lender or such Issuing Lender or its holding company, as the case may be, as specified in Sections 5.8.1 [Increased Costs Generally] or 5.8.2 [Capital Requirements] and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender or such Issuing Lender, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

5.8.4 Delay in Requests. Failure or delay on the part of any Lender or an Issuing Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or such Issuing Lender's right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender or an Issuing Lender pursuant to this Section for any increased costs incurred or reductions suffered more than six (6) months prior to the date that such Lender or such Issuing Lender, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such Issuing Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six (6) month period referred to above shall be extended to include the period of retroactive effect thereof).

5.8.5 Additional Reserve Requirements. The Borrower shall pay to each Lender (i) as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including eurocurrency funds or deposits, additional interest on the unpaid principal amount of each Loan under the Euro-Rate Option equal to the actual costs of such

reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive absent manifest error), and (ii) as long as such Lender shall be required to comply with any reserve ratio requirement under Regulation D or under any similar, successor or analogous requirement of the Board of Governors of the Federal Reserve System (or any successor) or any other central banking or financial regulatory authority imposed in respect of the maintenance of the Commitments or the funding of the Loans under the Euro-Rate Option, such additional costs (expressed as a percentage per annum and rounded upwards, if necessary, to the nearest five decimal places) equal to the actual costs allocated to such Commitment or Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive absent manifest error), which in each case shall be due and payable on each date on which interest is payable on such Loan; provided that in each case the Borrower shall have received at least ten days' prior notice (with a copy to the Administrative Agent) of such additional interest or costs from such Lender. If a Lender fails to give notice ten days prior to the relevant Payment Date, such additional interest or costs shall be due and payable ten days from receipt of such notice.

#### 5.9 Taxes.

5.9.1 Issuing Lender. For purposes of this Section 5.9, the term "Lender" includes the Issuing Lender and the term "applicable Law" includes FATCA.

5.9.2 Payments Free of Taxes. Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be without deduction or withholding for any Taxes, except as required by applicable Law. If any applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Official Body in accordance with applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 5.9 [Taxes]) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made; provided, however, that:

(a) A payment shall not be increased under this Section 5.9.2 [Payments Free of Taxes] by reason of a deduction or withholding on account of Tax imposed by the United Kingdom, if on the date on which the payment falls due: (1) the payment could have been made to the relevant Lender without such deduction or withholding if that Lender had been a UK Qualifying Lender, but on that date that Lender is not or has ceased to be a UK Qualifying Lender other than as a result of any Change in Law; or (2) the relevant Lender is a UK Qualifying Lender solely by virtue of clause (b) of the definition of UK Qualifying Lender and an officer of HM Revenue & Customs has given (and not revoked) a direction under section 931 of the UK ITA which relates to the payment, that Lender has received from the Borrower a certified copy of that direction and the payment could not have been made to that Lender without such deduction or withholding had that direction not been given; or (3) the relevant Lender is a UK Qualifying Lender solely by virtue of clause (b) of the definition of UK Qualifying Lender, the relevant Lender has not given a UK Tax Confirmation to the Borrower, or has not notified the Borrower of any material change in position from that set out in the UK Tax Confirmation, and the payment could have been

made to that Lender without such deduction or withholding had that Lender given a UK Tax Confirmation to the Borrower on the basis that the UK Tax Confirmation would have enabled the Borrower to have formed a reasonable belief that the payment was an “excepted payment” for the purpose of section 930 of the UK ITA; or (4) the relevant Lender is a UK Treaty Lender and the Borrower is able to demonstrate that the payment could have been made to that Lender without such deduction or withholding had that Lender complied with its obligations under subsections (b) and (c) below.

(b) Subject to subsection (c) below, a UK Treaty Lender and the Borrower shall cooperate in completing any procedural formalities necessary for the Borrower to obtain authorization to make any payment to which that Lender is entitled without any deduction or withholding on account of Tax imposed by the United Kingdom; and if a UK Treaty Lender (including a Person that becomes a Lender party hereto after the date of this Agreement) confirms its scheme reference number and its jurisdiction of Tax residence in writing to the Borrower under subsection (c) below, and such information is valid, the UK Treaty Lender shall be treated as having complied with its obligations under this subsection (b).

(c) (i) A UK Treaty Lender which becomes a party on the day on which this Agreement is entered into that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, shall confirm its scheme reference number and its jurisdiction of tax residence in writing to the Borrower upon entering into this Agreement; and (ii) a Lender which becomes a party after the date of this Agreement that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, shall confirm its scheme reference number and its jurisdiction of tax residence in writing to the Borrower upon becoming a party to this Agreement.

(d) If a Lender has confirmed its scheme reference number and jurisdiction of tax residence in accordance with subsection (c) above and: (i) the Borrower has not made a UK DTTP Filing in respect of that Lender; or (ii) the Borrower has made a UK DTTP Filing in respect of that Lender, but: (A) that UK DTTP Filing has been rejected by HM Revenue & Customs; (B) HM Revenue & Customs has not given the Borrower authority to make payments to that Lender without deduction or withholding within 30 Business Days of the date of the UK DTTP Filing; or (C) HM Revenue & Customs gave but subsequently withdrew authority for the Borrower to make payments to that Lender without deduction or withholding or such authority has otherwise terminated or expired or is due to otherwise terminate or expire within the next three months, and in each case, the Borrower has notified that Lender in writing, that Lender and the Borrower shall co-operate in completing any additional procedural formalities necessary for the Borrower to obtain authorization to make payments to that Lender without deduction or withholding on account of Tax imposed by the United Kingdom.

5.9.3 Payment of Other Taxes by the Loan Parties. The Loan Parties shall timely pay to the relevant Official Body in accordance with applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

5.9.4 Indemnification by the Loan Parties. The Loan Parties shall jointly and severally indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to

amounts payable under this Section 5.9 [Taxes]) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Official Body. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

5.9.5 Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of any of the Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.8.4 [Participations] relating to the maintenance of a Participant Register, and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Official Body. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this Section 5.9.5 [Indemnification by the Lenders].

5.9.6 VAT Reimbursement. All amounts set out or expressed to be payable by any party to the Administrative Agent or any Lender shall be deemed to be exclusive of any VAT payable thereon. If VAT is chargeable on any supply made by the Administrative Agent or any Lender to any party, that party shall pay to the Administrative Agent or the Lender as the case may be (in addition to and at the same time as paying the consideration), an amount equal to the amount of the VAT.

5.9.7 VAT Indemnification. Where any party is required to reimburse the Administrative Agent or any Lender as the case may be for any costs or expenses, that party shall at the same time pay and indemnify the Administrative Agent or the Lender as the case may be against all VAT incurred by the Administrative Agent or the Lender as the case may be in respect of the costs or expenses to the extent that the Administrative Agent or the Lender as the case may be reasonably determines that it is not entitled to credit or repayment for the VAT.

5.9.8 Evidence of Payments. As soon as practicable after any payment of Taxes by any Loan Party to an Official Body pursuant to this Section 5.9 [Taxes], such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Official Body evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

5.9.9 Status of Lenders.

(a) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(b) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (b), "FATCA" shall include any amendments made to FATCA after the date of this Agreement. Each Lender agrees that if any form or certification it previously delivered becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

5.9.10 Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 5.9 [Taxes] (including by the payment of additional amounts pursuant to this Section 5.9 [Taxes]), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 5.9 [Taxes] with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Official Body with respect to such refund). Such indemnifying party, upon the request of such indemnified party incurred in connection with obtaining such refund, shall repay to such indemnified party the amount paid over pursuant to this Section 5.9.10 [Treatment of Certain Refunds] (plus any penalties, interest or other charges imposed by the relevant Official Body) in the event that such indemnified party is required to repay such refund to such Official Body. Notwithstanding anything to the contrary in this Section 5.9.10 [Treatment of Certain Refunds]), in no event will the indemnified party be required to pay any amount to an indemnifying party

pursuant to this Section 5.9.10 [Treatment of Certain Refunds] the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

5.9.11 Survival. Each party's obligations under this Section 5.9 [Taxes] shall survive the resignation of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all Obligations.

5.10 Indemnity. In addition to the compensation or payments required by Section 5.8 [Increased Costs] or Section 5.9 [Taxes], the Borrower shall indemnify each Lender against all reasonable and invoiced liabilities, losses or expenses (including any foreign exchange losses in connection with a Loan or requested Loan and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan, from fees payable to terminate the deposits from which such funds were obtained or from the performance of any foreign exchange contract in connection with a Loan or requested Loan, but excluding loss of anticipated profits) which such Lender sustains or incurs as a consequence of any:

(a) payment, prepayment, conversion or renewal of any Loan to which a Euro-Rate Option applies on a day other than the last day of the corresponding Interest Period (whether or not such payment or prepayment is mandatory, voluntary or automatic and whether or not such payment or prepayment is then due), or any voluntary prepayment without the required notice, or

(b) attempt by the Borrower to revoke (expressly, by later inconsistent notices or otherwise) in whole or part any Loan Requests under Section 2.5 [Revolving Credit Loan Requests; Swing Loan Requests] or Section 4.2 [Interest Periods] or notice relating to prepayments under Section 5.6 [Voluntary Prepayments].

If any Lender sustains or incurs any such loss or expense, it shall from time to time notify the Borrower of the amount determined in good faith by such Lender (which determination may include such assumptions, allocations of costs and expenses and averaging or attribution methods as such Lender shall deem reasonable) to be necessary to indemnify such Lender for such loss or expense. Such notice shall set forth in reasonable detail the basis for such determination. Such amount shall be due and payable by the Borrower to such Lender ten (10) Business Days after such notice is given.

5.11 Settlement Date Procedures. In order to minimize the transfer of funds between the Lenders and the Administrative Agent, the Borrower may borrow, repay and reborrow Swing Loans and the Swing Loan Lender may make Swing Loans as provided in Section 2.1.2 [Swing Loan Commitments] hereof during the period between Settlement Dates. The Administrative Agent shall notify each Lender of its Ratable Share of the total of the Revolving Credit Loans and the Swing Loans (each a "Required Share"). On such Settlement Date, each Lender shall pay to

the Administrative Agent the amount equal to the difference between its Required Share and its Revolving Credit Loans, and the Administrative Agent shall pay to each Lender its Ratable Share of all payments made by the Borrower to the Administrative Agent with respect to the Revolving Credit Loans. The Administrative Agent shall also effect settlement in accordance with the foregoing sentence on the proposed Borrowing Dates for Revolving Credit Loans and on any mandatory prepayment date as provided for herein and may at its option effect settlement on any other Business Day. These settlement procedures are established solely as a matter of administrative convenience, and nothing contained in this Section 5.11 shall relieve the Lenders of their obligations to fund Revolving Credit Loans on dates other than a Settlement Date pursuant to Section 2.1.2 [Swing Loan Commitment]. The Administrative Agent may at any time at its option for any reason whatsoever require each Lender to pay immediately to the Administrative Agent such Lender's Ratable Share of the outstanding Revolving Credit Loans and each Lender may at any time require the Administrative Agent to pay immediately to such Lender its Ratable Share of all payments made by the Borrower to the Administrative Agent with respect to the Revolving Credit Loans.

5.12 Currency Conversion Procedures for Judgments. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in any currency (the "Original Currency") into another currency (the "Other Currency"), the parties hereby agree, to the fullest extent permitted by Law, that the rate of exchange used shall be that at which in accordance with normal lending procedures the Administrative Agent could purchase the Original Currency with the Other Currency after any premium and costs of exchange on the Business Day preceding that on which final judgment is given.

5.13 Indemnity in Certain Events. The obligation of the Borrower in respect of any sum due from the Borrower to any Lender hereunder shall, notwithstanding any judgment in an Other Currency, whether pursuant to a judgment or otherwise, be discharged only to the extent that, on the Business Day following receipt by any Lender of any sum adjudged to be so due in such Other Currency, such Lender may in accordance with normal lending procedures purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to such Lender in the Original Currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment or payment, to indemnify such Lender against such loss. If the amount of the Original Currency so purchased is greater than the sum originally due to such Lender in the Original Currency, such Lender shall, upon request of the Borrower, return the amount of any excess to the Borrower.

## 6. REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties. The Loan Parties, jointly and severally, represent and warrant to the Administrative Agent and each of the Lenders as follows:

6.1.1 Organization and Qualification; Power and Authority; Compliance With Laws; Title to Properties; Event of Default. Each Loan Party and each Subsidiary of each Loan Party (i) is a public limited company, corporation, limited partnership, limited liability company or other entity duly organized, validly existing and in good standing (if applicable) under the laws of its jurisdiction of organization, (ii) has the lawful power to own or lease its properties and to engage in the business it presently conducts or proposes to conduct, (iii) is duly licensed or

qualified and in good standing in each jurisdiction where the property owned or leased by it or the nature of the business transacted by it or both makes such licensing or qualification necessary, except in jurisdictions where the failure to be so licensed, qualified or in good standing would not reasonably be expected to cause a Material Adverse Change, (iv) has full power to enter into, execute, deliver and carry out this Agreement and the other Loan Documents to which it is a party, to incur the Indebtedness contemplated by the Loan Documents and to perform its Obligations under the Loan Documents to which it is a party, and all such actions have been duly authorized by all necessary proceedings on its part, (v) is in compliance in all material respects with all applicable Laws (other than Environmental Laws which are specifically addressed in Section 6.1.18 [Environmental Matters]) in all jurisdictions in which any Loan Party or Subsidiary of any Loan Party is presently or will be doing business except where the failure to do so would not constitute a Material Adverse Change, and (vi) has good and marketable title to or valid leasehold interest in all properties, assets and other rights which it purports to own or lease or which are reflected as owned or leased on its books and records, free and clear of all Liens and encumbrances except Permitted Liens. No Event of Default or Potential Default exists or is continuing.

6.1.2 Subsidiaries and Owners; Investment Companies. Schedule 6.1.2 states (i) the name of each of the Borrower's Subsidiaries, its jurisdiction of organization and the amount, percentage and type of Equity Interests in such Subsidiary (the "Subsidiary Equity Interests"), and (ii) whether such Subsidiary is a Material Subsidiary. The Borrower and each Subsidiary of the Borrower has good and marketable title to all of the Subsidiary Equity Interests it purports to own, free and clear in each case of any Lien, and all such Subsidiary Equity Interests have been validly issued and, in the case of the Equity Interests of the Borrower, Subsidiaries organized under the Laws of any jurisdiction in the United Kingdom and US Subsidiaries, are fully paid and nonassessable. None of the Loan Parties or Subsidiaries of any Loan Party is an "investment company" registered or required to be registered under the Investment Company Act of 1940 or under the "control" of an "investment company" as such terms are defined in the Investment Company Act of 1940 and shall not become such an "investment company" or under such "control."

6.1.3 Validity and Binding Effect. This Agreement and each of the other Loan Documents (i) has been duly and validly executed and delivered by each Loan Party that is party thereto, and (ii) constitutes, or will constitute, legal, valid and binding obligations of each Loan Party which is or will be a party thereto, enforceable against such Loan Party in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or similar laws relating to or affecting creditors' rights generally or by equitable principles relating to enforceability (whether considered in a proceeding in equity or at law).

6.1.4 No Conflict; Material Agreements; Consents. Neither the execution and delivery of this Agreement or the other Loan Documents by any Loan Party nor the consummation of the transactions herein or therein contemplated or compliance with the terms and provisions hereof or thereof by any of them will conflict with, constitute a default under or result in any breach of (i) the terms and conditions of the certificate of incorporation, bylaws, certificate of limited partnership, partnership agreement, certificate of formation, limited liability company agreement, articles of association or other organizational documents of any Loan Party or (ii) any Law or any



material agreement or instrument or order, writ, judgment, injunction or decree to which any Loan Party or any of its Subsidiaries is a party or by which it or any of its Subsidiaries is bound or to which it is subject, or result in the creation or enforcement of any Lien, charge or encumbrance whatsoever upon any property (now or hereafter acquired) of any Loan Party or any of its Subsidiaries (other than Liens granted under the Loan Documents). There is no default under any such material agreement (referred to above) and none of the Loan Parties or their Subsidiaries is bound by any contractual obligation, or subject to any restriction in any organization document, or any requirement of Law which could reasonably be expected to result in a Material Adverse Change. No consent, approval, exemption, order or authorization of, or a registration or filing with, any Official Body or any other Person is required by any Law or any agreement in connection with the execution, delivery and carrying out of this Agreement and the other Loan Documents, other than other than (i) registration of particulars of Collateral Documents executed by the Borrower at Companies House in England and Wales under section 859A of the UK Companies Act and payment of associated fees, (ii) any filing, recording or enrolling or any tax or fee payable in relation to the Collateral Documents which is referred to in any opinion or counsel delivered in connection with this Agreement and which will in each case be made or paid promptly after the date of the relevant Loan Document, (iii) those that have been obtained or made and are in full force and effect and (iv) those the failure of which to obtain could not reasonably be expected to result in a Material Adverse Change.

6.1.5 Litigation. There are no actions, suits, proceedings or investigations pending or, to the knowledge of any Loan Party, threatened against such Loan Party or any Subsidiary of such Loan Party at law or in equity before any Official Body which individually or in the aggregate reasonably could be expected to result in any Material Adverse Change. None of the Loan Parties or any Subsidiaries of any Loan Party is in violation of any order, writ, injunction or any decree of any Official Body which reasonably could be expected to result in any Material Adverse Change.

6.1.6 Financial Statements.

(a) Historical Statements. The Borrower has delivered to the Administrative Agent copies of its audited consolidated year-end financial statements for and as of the end of each of the three fiscal years ended, respectively, December 31, 2014, December 31, 2015 and December 31, 2016. In addition, the Borrower has delivered to the Administrative Agent copies of its unaudited consolidated interim financial statements for the fiscal year to date and as of the end of the fiscal quarter ended September 30, 2017 (all such annual and interim statements being collectively referred to as the “Statements”). The Statements were compiled from the books and records maintained by the management of the Borrower and its Subsidiaries, are complete and fairly represent, in all material respects, the consolidated financial position of the Borrower and its Subsidiaries as of the respective dates thereof and the results of operations for the fiscal periods then ended and have been prepared in accordance with IFRS consistently applied, subject (in the case of the interim statements) to normal year-end audit adjustments and the absence of footnotes.

(b) Accuracy of Financial Statements. Neither the Borrower nor any Subsidiary of the Borrower has any material liabilities, contingent or otherwise, or forward or long- term commitments that are not disclosed in the Statements or in the notes thereto, and except as disclosed therein there are no unrealized or anticipated losses from any commitments of the

Borrower or any Subsidiary of the Borrower which may cause a Material Adverse Change. Since December 31, 2016, no Material Adverse Change has occurred.

6.1.7 Margin Stock. None of the Loan Parties or any Subsidiaries of any Loan Party engages or intends to engage principally, or as one of its important activities, in the business of extending credit for the purpose, immediately, incidentally or ultimately, of purchasing or carrying margin stock (within the meaning of Regulation U, T or X as promulgated by the Board of Governors of the Federal Reserve System). No part of the proceeds of any Loan has been or will be used, immediately, incidentally or ultimately, to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock or which is inconsistent with the provisions of the regulations of the Board of Governors of the Federal Reserve System.

6.1.8 Senior Debt Status. (a) The Commitments and Loans advanced and Letters of Credit issued thereunder constitute the “Secured Credit Facility” (as defined in the Indenture), and (b) the Obligations constitute “Senior Indebtedness”, “Designated Senior Indebtedness” or any similar designation under and as defined in any agreement governing any subordinated indebtedness and the subordination provisions set forth in each such agreement are legally valid and enforceable against the parties thereto.

6.1.9 Labor Matters. There is (a) no unfair labor practice complaint pending against the Borrower or any of its Subsidiaries, or to the best knowledge of the Borrower, threatened against any of them before an ombudsman, works council or other tribunal in any applicable jurisdiction, and no grievance or arbitration proceeding arising out of or under any collective bargaining agreement that is so pending against the Borrower or any of its Subsidiaries or to the best knowledge of the Borrower, threatened against any of them, (b) no strike or work stoppage in existence, or to the best knowledge of the Borrower, threatened involving the Borrower or any of its Subsidiaries, and (c) to the best knowledge of the Borrower, no union representation question existing with respect to the employees of the Borrower or any of its Subsidiaries and, to the best knowledge of the Borrower, no union organization activity that is taking place, except (with respect to any matter specified in clause (a), (b) or (c) above, either individually or in the aggregate) such as is not reasonably likely to cause a Material Adverse Change.

6.1.10 Non-US Loan Parties. (a) The Borrower and each Non-US Guarantor (each a “Non-US Loan Party”) is subject to civil and commercial laws with respect to its obligations under this Agreement and the other Loan Documents to which it is a party (collectively as to such Non-US Loan Party, the “Subject Loan Documents”), and the execution, delivery and performance by such Non-US Loan Party of the Subject Loan Documents constitute and will constitute private and commercial acts and not public or governmental acts. Neither such Non-US Loan Party nor any of its property has any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the laws of the jurisdiction in which such Non-US Loan Party is organized and existing in respect of its obligations under the Subject Loan Documents.

(b) The Subject Loan Documents are in proper legal form under the laws of the jurisdiction in which such Non-US Loan Party is organized and existing for the enforcement

thereof against such Non-US Loan Party under the Laws of such jurisdiction, and to ensure the legality, validity, enforceability, priority or admissibility in evidence of the Subject Loan Documents. It is not necessary to ensure the legality, validity, enforceability, priority or admissibility in evidence of the Subject Loan Documents that the Subject Loan Documents be filed, registered or recorded with, or executed or notarized before, any court or other authority in the jurisdiction in which such Non-US Loan Party is organized and existing or that any registration charge or stamp or similar tax or duty be paid on or in respect of the Subject Loan Documents or any other document, except for (x) any such filing, registration, recording, execution or notarization as has been made or will be made in accordance with this Agreement or is not required to be made until the Subject Loan Document or any other document is sought to be enforced and

(y) any charge, duty or tax as has been timely paid.

(c) (i) There are no Other Taxes imposed by any Official Body in or of the United Kingdom, on or by virtue of (A) the execution or delivery of the Subject Loan Documents or (B) the transfer of title, ownership or the enforcement of any Lien under, or in respect of any asset encumbered pursuant to, the Collateral Documents.

(ii) There is no Tax, levy, impost, duty, fee, assessment or other governmental charge, or any deduction or withholding, imposed by any Official Body in or of the jurisdiction in which such Non-US Loan Party (other than the Borrower) is organized and existing, on or by virtue of (A) the execution or delivery of the Subject Loan Documents, or (B) the transfer of title, ownership or the enforcement of any Lien under, or in respect of any asset encumbered pursuant to, the Collateral Documents.

(d) In the case of the Borrower, there is no requirement to make any deduction or withholding for any Taxes from any payment to be made pursuant to the Subject Loan Documents to a Lender which is (i) a UK Qualifying Lender falling within paragraph (a) of the definition of UK Qualifying Lender, (ii) except where a direction has been given under section 931 of the UK ITA in relation to the payment concerned, a UK Qualifying Lender falling within paragraph (b) of the definition of UK Qualifying Lender, or (iii) a UK Treaty Lender and the payment is one specified in a direction given by the Commissioners of Revenue & Customs under Regulation 2 of the Double Taxation Relief (Taxes on Income) (General) Regulations 1970 (SI 1970/488) that has not expired or otherwise become ineffective.

(e) For the purposes of the Council Regulation (EC) N° 1346/2000 of 29 May 2000 on insolvency proceedings (the “EU Regulation”) or, for insolvency proceedings opened after 26 June 2017, Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast) (the “Regulation (recast)”), in relation to any Non-US Loan Party which is incorporated in a member state of the European Union, such Non-US Loan Party’s center of main interest (as that term is used in Article 3(1) of the EU Regulation or, for insolvency proceedings opened after 26 June 2017, the Regulation (recast)) is situated in its jurisdiction of incorporation and it has no “establishment” (as that term is used in Article 2(h) of the EU Regulation or, for insolvency proceedings opened after 26 June 2017, in article 2, point (10) of the Regulation (recast)) in any jurisdiction other than its jurisdiction of incorporation.

6.1.11 Brokers, etc. No broker’s or finder’s fee or commission will be payable with respect to this Agreement or any of the transactions contemplated hereby, and each Borrower

hereby indemnifies Lenders against, and agrees that it will hold Lenders harmless from, any claim, demand or liability for any such broker's or finder's fees alleged to have been incurred in connection herewith or therewith and any expenses (including reasonable fees, expenses and disbursements of counsel) arising in connection with any such claim, demand or liability.

6.1.12 Full Disclosure. No written information that has been furnished by the Loan Parties or on behalf of the Loan Parties to the Arrangers, the Administrative Agent or any Lender in connection with this Agreement or the transactions contemplated hereby, other than information of a general economic or industry specific nature (such written information being referred to herein collectively as the "Information"), including Information provided under any Anti-Terrorism Law or 'know your customer' requirements, contains, as of the date of delivery thereof and when taken as a whole, any material misstatement of fact or omits to state any material fact necessary to make the statements therein not misleading in any material respect, in the light of the circumstances under which they are made; provided, however, that, with respect to Information consisting of projections, forecasts, *pro forma* data, budgets, estimates and other forward-looking statements (herein collectively, the "Projections"), no representation or warranty is made other than that the Projections have been (or, in the case of Projections furnished after the date hereof, will be) prepared in good faith based on assumptions believed by the Borrower to be reasonable at the time of preparation thereof (it being understood that such Projections are as to future events and are not to be viewed as facts, such Projections are subject to significant uncertainties and contingencies, many of which are beyond the Borrower's control, no assurance can be given that any particular Projections will be realized, and actual results during the period or periods covered by any such Projections may differ significantly from the projected results and such differences may be material). There is no fact known to the Borrower that, individually or in the aggregate, could reasonably be expected to cause a Material Adverse Change which has not been set forth in this Agreement or in the certificates, statements, agreements or other documents furnished in writing to the Administrative Agent and the Lenders prior to or at the date hereof in connection with the transactions contemplated hereby.

6.1.13 Taxes. All federal, state, local and other tax returns required to have been filed with respect to each Loan Party and each Subsidiary of each Loan Party have been filed, and payment or adequate provision has been made for the payment of all Taxes which have or may become due pursuant to said returns or to assessments received, except (a) to the extent that such Taxes are being contested in good faith by appropriate proceedings diligently conducted and for which such reserves or other appropriate provisions, if any, as shall be required by IFRS shall have been made or (b) to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse Change.

6.1.14 Patents, Trademarks, Copyrights, Licenses, Etc. Each Loan Party and each Subsidiary of each Loan Party owns, possesses or has the right to use all the material patents, trademarks, service marks, trade names, copyrights, licenses, registrations, franchises, permits and rights necessary to own and operate its properties and to carry on its business as presently conducted and planned to be conducted by such Loan Party or Subsidiary, without known possible, alleged or actual conflict with the rights of others, except where the failure to so own, possess or have such right to use, in the aggregate, could not reasonably be expected to cause a Material Adverse Change.

6.1.15 Liens in the Collateral. The Collateral Documents, upon execution and delivery thereof by the parties thereto, will create in favor of, as applicable, the Administrative Agent, the UK Security Trustee or the Spanish Security Agent, for the benefit of the Lenders, a valid and enforceable Lien in the Collateral covered thereby. (i) When the Equity Interests of US Subsidiaries that are Collateral and constitute certificated securities (as defined in the Uniform Commercial Code) are delivered to the Administrative Agent, together with instruments of transfer duly endorsed in blank, the security interest created under the Collateral Documents will constitute a Prior Security Interest in all right, title and interest of the Loan Parties in such Collateral; and (ii) when Uniform Commercial Code financing statements (or, as applicable, equivalent filings or registrations in France, Spain and the United Kingdom) in appropriate form are filed in the applicable filing offices promptly following the Closing Date and in any event within any applicable time periods required by Law, the security interests created under the Collateral Documents will constitute Prior Security Interests in all right, title and interest of the Loan Parties in the remaining Collateral to the extent perfection can be obtained by filing Uniform Commercial Code financing statements (or, as applicable, such equivalent filings or registrations in France, Spain and the United Kingdom), except for rights secured by Liens permitted under Section 8.2.2. All filing fees, related Taxes and other expenses in connection with the perfection of such Liens have been or will be paid by the Borrower.

6.1.16 Insurance. The properties of each Loan Party and each of its Subsidiaries are insured pursuant to policies and other bonds which are valid and in full force and effect and which provide coverages from financially sound insurers that comply with the provisions of Section 8.1.3 [Maintenance of Insurance].

6.1.17 Pension Compliance.

(a) Each Pension Plan subject to ERISA is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state Laws. Each such Pension Plan that is intended to qualify under Section 401(a) of the Code has received from the IRS a favorable determination or opinion letter, which has not by its terms expired, that such Pension Plan is so qualified, or such Pension Plan is entitled to rely on an IRS advisory or opinion letter with respect to an IRS-approved master and prototype or volume submitter plan, or a timely application for such a determination or opinion letter is currently being processed by the IRS with respect thereto; and, to the best knowledge of the Borrower, nothing has occurred which would prevent, or cause the loss of, such qualification. Globe and each member of the ERISA Group have made all required contributions to each such Pension Plan subject to Sections 412 or 430 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Sections 412 or 430 of the Code has been made with respect to any Pension Plan.

(b) No ERISA Event has occurred or is reasonably expected to occur; (a) no Pension Plan subject to ERISA has any unfunded pension liability (i.e., excess of benefit liabilities over the current value of that Pension Plan's assets, determined pursuant to the assumptions used for funding such Pension Plan for the applicable plan year in accordance with Section 430 of the Code); (b) neither Globe nor any member of the ERISA Group has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any such Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (c) neither

Globe nor any member of the ERISA Group has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 of ERISA, with respect to a Multiemployer Plan; (d) neither Globe nor any member of the ERISA Group has received notice pursuant to Section 4242(a)(1)(B) of ERISA that a Multiemployer Plan is in reorganization and that additional contributions are due to the Multiemployer Plan pursuant to Section 4243 of ERISA; and (e) neither Globe nor any member of the ERISA Group has engaged in a transaction that could be subject to Sections 4069 or 4212(c) of ERISA.

(c) Neither the Borrower nor any of its Subsidiaries is or has at any time been an employer (for the purposes of sections 38 to 51 of the UK Pensions Act) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the Pensions Schemes Act 1993).

(d) Neither the Borrower nor any of its Subsidiaries is or has at any time been "connected" with or an "associate" of (as those terms are used in sections 38 and 43 of the UK Pensions Act) such an employer.

(e) Each Pension Plan of a Spanish Person that is a Loan Party is in compliance in all material respects with the Spanish applicable provisions in connection with the Social Security and Pension Schemes and Funds Regulations (in particular but not limited to the General Social Security Act, approved by Royal Decree-Law 8/2015, of 30 October, applicable Collective Bargaining Agreement, Royal Legislative Decree 1/2002 approving the consolidated text of the Law governing pension schemes and funds, Royal Decree 304/2004 approving the pension schemes and funds Regulations and the Royal Decree 1588/1999 of 15 October 1999 adopting the Regulation on implementing the pension liabilities of enterprises to workers and beneficiaries) (collectively, the "Spanish Pension Laws").

(f) Each Pension Plan of a French Person that is a Loan Party is in compliance in all material respects with the French applicable provisions in connection with the Social Security and Pension Schemes and Funds Regulations (in particular but not limited to Ordinance of 4 October 1945, the Universal Declaration of Human Rights of 10 December 1948, the *Accord national interprofessionnel instituant le régime Agirc-Arrco de retraite complémentaire* of 17 November 2017, the *Convention Collective nationale de retraite et de prévoyance des cadres* of 14 March 1947 and the *Accord national interprofessionnel de retraite complémentaire* of 8 December 1961, each as amended, supplemented, novated or otherwise modified from time to time, together with any and all regulations, further agreements, laws, decrees or other applicable rules in connection thereto) (collectively, the "French Pension Laws").

6.1.18 Environmental Matters. Each Loan Party is in compliance with applicable Environmental Laws and, to the knowledge of such Loan Party, is not subject to liability under Environmental Laws, except for such non-compliance, matters and liabilities as could not in the aggregate reasonably be expected to result in a Material Adverse Change.

6.1.19 Solvency. On the Closing Date and after giving effect to the initial Loans hereunder, the Loan Parties, taken as a whole, are Solvent.

6.1.20 Anti-Terrorism Laws. No Covered Entity is a Sanctioned Person.

6.1.21 Centre of Main Interests and Establishments. For the purposes of the Insolvency Regulation each Loan Party that is organized under the Law of a member state of the European Union has its centre of main interest (as that term is used in Article 3(1) of the Insolvency Regulation) situated in its jurisdiction of organization and it has no “establishment” (as that term is used in Article 2(10) of the Insolvency Regulation) in any other jurisdiction.

6.1.22 Anti-Corruption Law. The Borrower and each of its Subsidiaries has conducted its businesses in compliance with applicable anti-corruption laws and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

6.2 Updates to Schedules. Should any of the information or disclosures provided on any of the Schedules attached hereto become outdated or incorrect in any material respect, the Borrower shall, upon the reasonable request of the Administrative Agent, provide the Administrative Agent in writing with such revisions or updates to such Schedule as may be necessary or appropriate to update or correct same. No Schedule shall be deemed to have been amended, modified or superseded by any such correction or update, nor shall any breach of warranty or representation resulting from the inaccuracy or incompleteness of any such Schedule be deemed to have been cured thereby, unless and until the Required Lenders, in their sole and absolute discretion, shall have accepted in writing such revisions or updates to such Schedule; provided however, that the Borrower may update Schedules 6.1.1 and 6.1.2 without any Lender approval in connection with a Permitted Acquisition or any transaction permitted under Sections 8.2.6 [Liquidations, Mergers, Consolidations, Acquisitions], 8.2.7 [Dispositions of Assets or Subsidiaries] and 8.2.9 [Subsidiaries, Partnerships and Joint Ventures].

## 7. CONDITIONS OF LENDING AND ISSUANCE OF LETTERS OF CREDIT

The obligation of each Lender to make Loans and of the Issuing Lender to issue Letters of Credit hereunder is subject to the performance by each of the Loan Parties of its Obligations to be performed hereunder at or prior to the making of any such Loans or issuance of such Letters of Credit and to the satisfaction of the following further conditions:

### 7.1 First Loans and Letters of Credit

7.1.1 Deliveries. On the Closing Date, the Administrative Agent shall have received each of the following in form and substance reasonably satisfactory to the Administrative Agent:

(a) A certificate of the Borrower signed by an Authorized Officer, dated the Closing Date stating that (i) all representations and warranties of the Loan Parties set forth in this Agreement are true and correct in all material respects, (ii) the Loan Parties are in compliance with each of the covenants and conditions hereunder, and (iii) no Event of Default or Potential Default exists;

(b) A certificate dated the Closing Date and signed by the Secretary or an Assistant Secretary (or, in each case, equivalent officer otherwise named) of each of the Loan Parties, certifying as appropriate as to: (i) all action taken by such Loan Party in connection with

this Agreement and the other Loan Documents (including copies of signed resolutions to the extent customary under local Law); (ii) the names of the Authorized Officers authorized to sign the Loan Documents and their true signatures; and (iii) copies of its organizational documents as in effect on the Closing Date certified by the appropriate public official of the jurisdiction where such Loan Party is organized, together with certificates from the appropriate public officials as to the continued existence and good standing (or equivalent term otherwise named) of each Loan Party in each jurisdiction where such Loan Party is organized or qualified to do business; provided that, in respect of Guarantors that are Spanish Persons, an online excerpt ("*nota simple online*") issued by the relevant commercial registry, copies of their online bylaws and copies of their constitutional documents shall be sufficient;

(c) This Agreement and each of the other Loan Documents signed by an Authorized Officer (and where reasonably deemed necessary or appropriate by the Administrative Agent, notarized in accordance with Laws applicable to the Loan Parties and agreements entered into by them) and all appropriate financing statements and appropriate stock powers and certificates evidencing the pledged Collateral;

(d) A written opinion of counsel for the Loan Parties or, as applicable, counsel for the Administrative Agent, covering customary subjects, dated the Closing Date and reasonably satisfactory to the Administrative Agent in form and substance, as to the matters set forth in Schedule 7.1.1;

(e) Evidence that adequate insurance required to be maintained under this Agreement is in full force and effect, with additional insured, mortgagee and lender loss payable special endorsements attached thereto in form and substance satisfactory to the Administrative Agent and its counsel naming the Administrative Agent as additional insured, mortgagee and lender loss payee;

(f) A duly completed Compliance Certificate, and information relating to the Aggregate Sales Percentage, the Aggregate Asset Percentage, and the Aggregate EBITDA Percentage described in clause (ii) of Section 8.3.3 [Certificates of the Borrower], in each case as of the last day of the fiscal quarter of the Borrower most recently ended prior to the Closing Date, signed by an Authorized Officer of the Borrower;

(g) Evidence that other consents, if any, required to consummate the transactions contemplated hereby as of the Closing Date have been obtained;

(h) Evidence that the Existing Credit Agreement has been terminated, and all outstanding Indebtedness and other obligations thereunder have been paid and satisfied in full (other than reimbursement obligations in respect of the Existing Letters of Credit; provided that letter of credit issuance and risk participation fees thereunder, other than fees due upon presentation of drafts, shall have been paid in full), and all Liens securing such obligations have been released;

(i) [Reserved];

(j) At least five (5) Business Days prior to the Closing Date, interim consolidated financial statements of the Borrower and its Subsidiaries for the fiscal year-to-date



period ending September 30, 2017, including comparable periods in the fiscal year ending December 31, 2016;

(k) A perfection certificate from each Loan Party that is a US Subsidiary (and from each Loan Party that is not a US Person such similar information regarding such Loan Party and its assets as the Administrative Agent may reasonably request) and evidence that all Liens in the Collateral pursuant to the Security Agreements, the Pledge Agreements, the Patent, Trademark and Copyright Security Agreement, and other Loan Documents upon, as applicable, the taking of possession of Collateral or the making of appropriate filings will be perfected and have the priority required under the Loan Documents, including Lien searches in acceptable scope and with acceptable results;

(l) [Reserved];

(m) Pro forma projections (including a pro forma closing balance sheet, pro forma statements of operations and cash flow) for the fiscal years 2018 through 2022, (including assumptions used in preparing the forecast financial statements) that are reasonably satisfactory to the Administrative Agent in form and content;

(n) [Reserved];

(o) [Reserved];

(p) At least five (5) Business Days prior to the Closing Date, information required by each Lender to comply with the USA PATRIOT Act, other Anti- Terrorism Laws, and other 'know your customer' requirements, in each case requested in writing prior to the seventh (7th) Business Day prior to the Closing Date; and

(q) Such other documents in connection with such transactions as the Administrative Agent or its counsel may reasonably request.

7.1.2 No Material Adverse Change. (a) No Material Adverse Change shall have occurred since December 31, 2016; and (b) no litigation or governmental or regulatory investigation or proceeding shall be pending or, to the knowledge of the Borrower, threatened against or involving the Borrower or any of its Subsidiaries that could reasonably be expected to cause a Material Adverse Change.

7.1.3 Payment of Fees. The Borrower shall have (a) paid all fees payable on or before the Closing Date as required by the Administrative Agent's Letter or the Loan Documents and any fees owing under any other fee letter (or equivalent agreement otherwise named) with an Arranger and (b) reimbursed the Administrative Agent for all invoiced costs related to the transactions contemplated hereby, including all filing and legal fees, that are required to be reimbursed by the Administrative Agent's Letter, the Engagement Letter dated January 19, 2018 or the Loan Documents and any fees owing under any other fee letter (or equivalent agreement otherwise named) with an Arranger.

7.2 Each Loan or Letter of Credit. At the time of making any Loans or issuing, extending or increasing any Letters of Credit and after giving effect to the proposed extensions of credit:

(a) the representations, warranties of the Loan Parties shall be true and correct in all material respects, as though made at and as of such time, unless expressly made as of a prior date (in which case such representations and warranties shall have been true and correct in all material respects as of such prior date); provided that any representation and warranty that is qualified as to materiality, “Material Adverse Change” or similar language shall be true and correct (after giving effect to any qualification therein) in all respects as of such respective dates;

(b) no Event of Default or Potential Default shall have occurred and be continuing;

(c) the making of the Loans or issuance, extension or increase of such Letter of Credit shall not contravene any Law applicable to any Loan Party or Subsidiary of any Loan Party or any of the Lenders;

(d) the Borrower shall have delivered to the Administrative Agent a duly executed and completed Loan Request or to the Issuing Lender an application for a Letter of Credit, as the case may be;

(e) with respect to the making of any Loans or the issuance of any Letter of Credit when the Revolving Facility Usage is in excess of \$200,000,000, or with respect to the making of any Loans or the issuance of any Letter of Credit that, after giving effect thereto, would cause the Revolving Facility Usage to exceed \$200,000,000, the Borrower shall have certified that (i) the condition under Section 4.01(b)(i)(B) of the 2022 Indenture (or equivalent provision in any refinancing thereof) is met with respect to the Revolving Facility Usage, as it would be increased by such proposed Loans or Letter of Credit or (ii) that such condition contained in the 2022 Indenture, or any refinancing thereof, is no longer in effect; and

(f) in the case of any Loan or Letter of Credit to be denominated in an Optional Currency, there shall not have occurred any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls which in the reasonable opinion of the Administrative Agent and the Required Lenders (in the case of any Loans to be denominated in an Optional Currency) or the Administrative Agent and the Issuing Lender (in the case of any Letter of Credit to be denominated in an Optional Currency) would make it impracticable for such Loan or Letter of Credit to be denominated in the relevant Optional Currency.

## 8. COVENANTS

The Loan Parties, jointly and severally, covenant and agree that until Payment In Full, the Loan Parties shall comply at all times with the following covenants:

## 8.1 Affirmative Covenants.

8.1.1 Preservation of Existence, Etc. Each Loan Party shall, and shall cause each of its Subsidiaries to, maintain (a) its legal existence as a public limited company, corporation, limited partnership, limited liability company or other entity under the Laws of the jurisdiction of its organization, except as otherwise expressly permitted in Section 8.2.6 [Liquidations, Mergers, Etc.], and (b) its license or qualification in each jurisdiction in which its ownership or lease of property or its conduct of business makes such license or qualification necessary, except where the failure to maintain such license or qualification could not reasonably be expected to result in a Material Adverse Effect.

8.1.2 Payment of Liabilities, Including Taxes, Etc. Each Loan Party shall, and shall cause each of its Subsidiaries to, duly pay and discharge all liabilities to which it is subject or which are asserted against it, promptly as and when the same shall become due and payable, including all Taxes upon it or any of its properties, assets, income or profits, prior to the date on which penalties attach thereto, except to the extent that (a) such liabilities, including Taxes, are being contested in good faith and by appropriate and lawful proceedings diligently conducted and for which such reserve or other appropriate provisions, if any, as shall be required by IFRS shall have been made or (b) the failure to pay and discharge any such liabilities would not reasonably be expected to result in a Material Adverse Change.

8.1.3 Maintenance of Insurance. Each Loan Party shall, and shall cause each of its Subsidiaries to, insure its properties and assets against loss or damage by such insurable hazards as such assets are commonly insured (including fire, extended coverage, property damage, workers' compensation, public liability and business interruption insurance) and against other risks (including errors and omissions) in such amounts as similar properties and assets are insured by companies generally in similar circumstances carrying on similar businesses, and with reputable and financially sound insurers, including self-insurance to the extent customary. The Loan Parties shall comply with the covenants and provide the endorsement set forth on Schedule 8.1.3 relating to property and related insurance policies covering the Collateral.

8.1.4 Maintenance of Properties. Each Loan Party shall, and shall cause each of its Subsidiaries to, (a) maintain, preserve and protect all of its rights to enjoy and use material trademarks, trade names, service marks, patents, copyrights, permits, licenses, leases, and franchises and (b) maintain in good repair, working order and condition (ordinary wear and tear excepted) in accordance with the general practice of other businesses of similar character and size, all material tangible properties that are useful or necessary to its business, and from time to time, such Loan Party will make or cause to be made all appropriate repairs, renewals or replacements thereof as in the judgment of such Loan Party may be necessary; provided, that nothing in this Section 8.1.4 shall prevent the Loan Parties or any of their Subsidiaries from (i) discontinuing the maintenance, preservation or protection of any such rights or the operation or maintenance of any such tangible properties if the Loan Parties or such Subsidiaries determine that such discontinuance is desirable in the conduct of their business and would not, in the aggregate, be expected to cause a Material Adverse Change or (ii) consummating any transaction otherwise permitted by this Agreement.

8.1.5 Visitation Rights. Subject to requirements of applicable Law and to the rights of tenants or licensees of such properties, each Loan Party shall, and shall cause each of its Subsidiaries to, permit any of the officers or authorized employees or representatives of the Administrative Agent or any of the Lenders to visit and inspect any of its properties and to examine and make excerpts from its books and records and discuss its business affairs, finances and accounts with its officers, all in such detail and at such times and as often as any of the Lenders may reasonably request upon reasonable advance written notice to the Borrower; provided, however, that unless there shall have occurred an Event of Default which is continuing, (a) only the Administrative Agent, acting individually or on behalf of the Lenders, shall be permitted to exercise any of the foregoing rights (provided that if the Administrative Agent exercises such rights, any Lender may conduct an examination contemporaneously with the examination performed by the Administrative Agent) and (b) such rights may not be exercised more than one time during any twelve (12) month period.

8.1.6 Keeping of Records and Books of Account. The Borrower shall, and shall cause each Subsidiary of the Borrower to, maintain and keep proper books of record and account which enable the Borrower and its Subsidiaries to issue financial statements in accordance with IFRS and as otherwise required by applicable Laws of any Official Body having jurisdiction over the Borrower or any Subsidiary of the Borrower, and in which full, true and correct entries shall be made in all material respects of all its dealings and business and financial affairs.

8.1.7 Compliance with Laws; Use of Proceeds. Each Loan Party shall, and shall cause each of its Subsidiaries to, comply with all applicable Laws, including all Environmental Laws, in all respects; provided that it shall not be deemed to be a violation of this Section 8.1.7 if any failure to comply with any Law would not result in fines, penalties, remediation costs, other similar liabilities or injunctive relief which in the aggregate would constitute a Material Adverse Change. The Loan Parties will use the Letters of Credit and the proceeds of the Loans only in accordance with Section 2.8 [Use of Proceeds] and as permitted by applicable Law.

8.1.8 Further Assurances. Each Loan Party shall, from time to time, at its expense, faithfully preserve and protect the Administrative Agent's, the UK Security Trustee's or the Spanish Security Agent's (as applicable) Lien on and Prior Security Interest in the Collateral and all other real and personal property of the Loan Parties whether now owned or hereafter acquired as a continuing first priority perfected Lien, subject only to Permitted Liens, and shall do such other acts and things as the Administrative Agent may reasonably deem necessary or advisable from time to time in order to preserve, perfect and protect the Liens granted under the Loan Documents and to exercise and enforce its rights and remedies thereunder with respect to the Collateral.

8.1.9 Anti-Terrorism Laws; International Trade Law Compliance. (a) No Covered Entity will become a Sanctioned Person; (b) no Covered Entity, either in its own right or (to the best of such Covered Entity's knowledge after due inquiry) through any third party, will use the Loans to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law or in any other manner that would result in a violation of Anti-Terrorism Laws by any Person (including any Person participating in any transaction contemplated hereby or by any other Loan

Document, whether as a Loan Party, Lender, Arranger, Administrative Agent, or Issuing Lender); (c) the funds used to repay the Obligations will not be derived from any activity in violation of any Anti-Terrorism Law; and (d) each Covered Entity shall comply with all Anti-Terrorism Laws in all material respects.

8.1.10 Keepwell. Each Qualified ECP Loan Party jointly and severally (together with each other Qualified ECP Loan Party) hereby absolutely unconditionally and irrevocably (a) guarantees the prompt payment and performance of all Swap Obligations owing by each Non- Qualifying Party (it being understood and agreed that this guarantee is a guaranty of payment and not of collection), and (b) undertakes to provide such funds or other support as may be needed from time to time by any Non-Qualifying Party to honor all of such Non-Qualifying Party's obligations under this Agreement or any other Loan Document in respect of Swap Obligations (provided, however, that each Qualified ECP Loan Party shall only be liable under this Section 8.1.10 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 8.1.10, or otherwise under this Agreement or any other Loan Document, voidable under applicable law, including applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Loan Party under this Section 8.1.10 shall remain in full force and effect until payment in full of the Obligations and termination of this Agreement and the other Loan Documents. Each Qualified ECP Loan Party intends that this Section 8.1.10 constitute, and this Section 8.1.10 shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support, or other agreement" for the benefit of each other Loan Party for all purposes of Section 1a(18(A)(v)(II) of the CEA.

8.1.11 Post-Closing Covenant. Notwithstanding the provisions of Section 7.1.1, the documents and tasks expressly identified on Schedule 8.1.11 shall not constitute conditions that are required to be performed prior to the effectiveness of this Agreement; provided that the Loan Parties shall execute and deliver the documents and complete the tasks set forth on Schedule 8.1.11, in each case within the time limits specified on such schedule and subject to extensions permitted by such schedule.

8.2 Negative Covenants.

8.2.1 Indebtedness. Each of the Loan Parties shall not, and shall not permit any of its Subsidiaries to, at any time create, incur, assume or suffer to exist any Indebtedness, except:

- (a) Indebtedness under the Loan Documents;
- (b) Indebtedness outstanding on the Closing Date as set forth on Schedule 8.2.1 and any Permitted Refinancings thereof;
- (c) Indebtedness incurred with respect to Capital Lease Obligations, Synthetic Lease Obligations and other Purchase Money Security Interests as and to the extent permitted under Section 8.2.14 [Capital Expenditures and Leases] so long as the aggregate principal amount of all of the foregoing does not in the aggregate exceed the amount permitted pursuant to clause (h) of the definition of Permitted Liens;

(d) intercompany Indebtedness of (i) Grupo owing to the Borrower, (ii) FerroPem and FerroAtlántica owing to Grupo; provided that (A) such intercompany Indebtedness shall not, at any time outstanding, exceed the amounts indicated on Schedule 8.2.1 and (B) such intercompany Indebtedness is subject to the Intercompany Subordination Agreement and (iii) any Loan Party (other than as set forth in clauses (i) and (ii) above) owing to any other Loan Party, so long as such intercompany Indebtedness is subject to the Intercompany Subordination Agreement;

(e) Any (i) Lender Provided Interest Rate Hedge, (ii) Lender Provided Foreign Currency Hedge, (ii) other Interest Rate Hedge or Foreign Currency Hedge approved by the Administrative Agent or (iii) Indebtedness under any Other Lender Provided Financial Services Product; provided, however, the Loan Parties shall enter into an Interest Rate Hedge or Foreign Currency Hedge only for hedging (rather than speculative) purposes;

(f) Indebtedness consisting of liabilities in connection with Other Lender Provided Financial Service Products and other Funds Transfer and Deposit Account Liability in the ordinary course of business;

(g) endorsements for collection, deposit or negotiation and warranties of products or services, in each case incurred in the ordinary course of business;

(h) Indebtedness owing to employees in connection with a non-qualified benefit plan;

(i) Indebtedness consisting of the financing of insurance premiums;

(j) Indebtedness of any Subsidiary of the Borrower owing to a Loan Party incurred to achieve cash repatriation strategies so long as the net cash Investment by such Loan Party in connection therewith is permitted by Section 8.2.4(p) [Loans, Guaranties and Investments];

(k) Indebtedness under performance bonds, surety bonds, release, appeal and similar bonds, statutory obligations or with respect to workers' compensation claims, in each case incurred in the ordinary course of business, and reimbursement obligations in respect of any of the foregoing (including in respect of letters of credit issued in support of any of the foregoing), so long as, with respect to all Indebtedness described in this clause (k), such Indebtedness is not more than sixty (60) days past due;

(l) Indebtedness arising under the 2022 Notes, and Guaranties in respect thereof (and a Permitted Refinancing thereof), in an aggregate principal amount not to exceed \$350,000,000 at any time outstanding; provided that no Subsidiary of the Borrower shall be a guarantor thereunder unless it is a Guarantor party hereto;

(m) prior to the sale of the Finance Lease Energy Assets, (i) to the extent constituting Indebtedness, the obligations in respect of any Sale and Leaseback Transaction with respect to the Finance Lease Energy Assets and (ii) any other Indebtedness secured solely by such Finance Lease Energy Assets;

(n) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Permitted Refinancing in respect thereof and the principal amount of all other Indebtedness incurred pursuant to this clause (n) and then outstanding, will not exceed \$30,000,000; provided that all such Indebtedness incurred pursuant to this clause (n) is (i) incurred by a Joint Venture; (ii) is not guaranteed, in whole or in part, by the Borrower or any Subsidiary of the Borrower other than the Joint Venture; (iii) is without recourse to, and does not obligate, the Borrower or any Subsidiary of the Borrower (other than the Joint Venture) in any way; and (iv) does not subject any property or asset of the Borrower or any Subsidiary of the Borrower (other than the Joint Venture) to the satisfaction thereof, directly or indirectly, contingently or otherwise, except, with respect to the foregoing clause (iii) and clause (iv), in connection with and for (A) Liens on the Equity Interests of the Joint Venture or (B) the ability to be converted into or exchanged for Equity Interests of the Joint Venture;

(o) Indebtedness consisting of Permitted Additional Indebtedness and any Permitted Refinancing thereof; provided that (i) no Event of Default shall have occurred and be continuing at the time of the incurrence thereof or immediately after giving effect thereto and (ii) if any such Permitted Additional Indebtedness constitutes a Material Event, the Borrower shall have delivered to the Administrative Agent a certificate of a Financial Officer of the Borrower (which shall be in form and substance reasonably satisfactory to the Administrative Agent and shall include detailed calculations) that confirms the condition in clause (i) above and demonstrates that after giving pro forma effect to the incurrence thereof and the application of the proceeds therefrom, the Transaction Leverage Requirement is met as of the end of the fiscal quarter most recently ended for which financial statements are available

(p) (i) Indebtedness of the Borrower to any Subsidiary of the Borrower or (ii) Indebtedness of any Subsidiary of the Borrower to the Borrower or any other Subsidiary; provided that (A) a security interest in all such intercompany Indebtedness owing to any Loan Party shall have been granted to the Administrative Agent for the benefit of the Lenders, (B) if such intercompany Indebtedness described in clause (A) is evidenced by a promissory note or other instrument, such promissory note or instrument shall have been pledged to the Administrative Agent in accordance with a Security Agreement, and (C) Indebtedness under clause (i) shall be subject to the Intercompany Subordination Agreement; provided further that (1) the aggregate outstanding amount of Indebtedness under this clause (p) of Subsidiaries of the Borrower that are not Loan Parties that is owing to Loan Parties shall not exceed at any one time \$50,000,000 and (2) upon the occurrence and during the continuance of an Event of Default, Subsidiaries of the Borrower that are not Loan Parties shall not be permitted to incur additional Indebtedness owing to any Loan Party pursuant to this clause (p);

(q) Indebtedness of any Person assumed or acquired in connection with a Permitted Acquisition (or any other acquisition of property constituting a business or a division or line of business or of a Subsidiary permitted under this Agreement) that existed on the date of such Permitted Acquisition (and Permitted Refinancings thereof); provided that such Indebtedness is not created in anticipation of such Permitted Acquisition (or other acquisition);

(r) additional Indebtedness of Non-US Subsidiaries in an aggregate outstanding principal amount which, when taken together with any Permitted Refinancing in

respect thereof and the principal amount of all other Indebtedness incurred pursuant to this clause (r) and then outstanding, will not exceed \$15,000,000;

(s) Indebtedness incurred pursuant to an Investment permitted by Section 8.2.4 [Loans, Guarantees and Investments], excluding Indebtedness described in clause (q) above;

(t) Indebtedness incurred pursuant to any Cash Collateral arrangement; and

(u) Indebtedness related to the Permitted Securitization Arrangements.

8.2.2 Liens; Lien Covenants. Each of the Loan Parties shall not, and shall not permit any of its Subsidiaries to, at any time create, incur, assume or suffer to exist any Lien on any of its property or assets, tangible or intangible, now owned or hereafter acquired, or agree or become liable to do so, except Permitted Liens.

8.2.3 [Reserved].

8.2.4 Loans, Guaranties and Investments. Each of the Loan Parties shall not, and shall not permit any of its Subsidiaries to, at any time make or suffer to remain outstanding any loan or advance to, Guaranty or pledge collateral to secure any Indebtedness or other obligation of; or purchase, acquire or own any Equity Interests, bonds, notes or securities of, or any other investment or interest in, a Person, or make any capital contribution to, any other Person; or acquire assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) a Person (for the purposes of this Section 8.2.4, each and all of the foregoing being an "Investment"), except the following:

(a) deposits, prepayments and extensions of trade credit on usual and customary terms in the ordinary course of business;

(b) advances to employees, officers and directors to meet expenses incurred by such employees in the ordinary course of business and other advances in respect of customary indemnification obligations owed to employees, officers and directors;

(c) Permitted Investments;

(d) Investments in Cash;

(e) Investments owned by the Borrower and its Subsidiaries as of the Closing Date in the Borrower and in any Subsidiaries of the Borrower (and the Borrower and its Subsidiaries may convert any such Investments in the form of Indebtedness into Investments in the form of Equity Interests);

(f) additional Investments after the Closing Date in any Loan Party;

(g) Capital Expenditures to the extent permitted under this Agreement;

(h) Investments of the Borrower and its Subsidiaries existing on the Closing Date;



(i) additional Investments after the Closing Date in respect of which a binding agreement has been entered into as of the Closing Date to the extent described in Schedule 8.2.4 hereto and incremental Investments contemplated in connection therewith and any extension or renewal thereof; provided that any additional Investments made with respect thereto shall be permitted only to the extent such Investments are described on Schedule 8.2.4 or made in accordance with the other provisions of this Section 8.2.4;

(j) Permitted Acquisitions;

(k) Investments in the form of agreements for Foreign Currency Hedges or Interest Rate Hedges entered into in the ordinary course of business and not for speculative purposes;

(l) [Reserved];

(m) Investments consisting of promissory notes and other non-cash consideration received in connection with any Asset Sale permitted by Section 8.2.7 [Liquidations, Mergers, Consolidations];

(n) customary Investments in special purpose entities in connection with Permitted Securitization Arrangements;

(o) Investments in connection with the full or partial satisfaction, settlement or enforcement of Indebtedness or claims or other obligations due or owing to the Borrower or any of its Subsidiaries or as security for any such Indebtedness or claim;

(p) Investments by any Loan Party in any of its Subsidiaries (i) consisting of Equity Interests and/or intercompany notes made to achieve cash repatriation strategies or (ii) the consideration for which is the cancellation or other settlement of any corresponding intercompany Indebtedness incurred in connection with Investments permitted pursuant to the foregoing clause (i), in each case so long as the net cash Investment by such Loan Party in connection therewith does not exceed zero after the tenth (10th) day following the making of such cash Investment;

(q) Investments by Subsidiaries that are not Loan Parties in the Borrower and in other Subsidiaries;

(r) Investments in Joint Ventures so long as the aggregate amount of all Investments at any time outstanding under this clause (r) does not exceed \$10,000,000, plus any returns on such Investments;

(s) the acquisition of all or any portion of the Finance Lease Energy Assets upon termination of, and in accordance with the terms of, the Finance Lease (or any lease replacing the Finance Lease);

(t) Investments owned by a Person at the time such Person is acquired pursuant to a Permitted Acquisition and not acquired by such Person in contemplation of such Permitted Acquisition;

(u) loans or advances made by any Loan Party or any Subsidiary of a Loan Party to such Loan Party's or such Subsidiary's employees on an arms-length basis in the ordinary course of business, up to a maximum of \$50,000 to any employee at any one time outstanding and up to a maximum of \$250,000 in the aggregate as to all loans and advances under this clause (u) at any one time outstanding;

(v) any Investment (other than the acquisition of any business, division, line or assets by the Borrower or any Subsidiary) not otherwise permitted by clauses (a) through (u) above; provided that (i) no Event of Default shall have occurred and be continuing at the time such Investment is made or immediately after giving effect thereto, (ii) after giving pro forma effect to such Investment (A) the Transaction Leverage Requirement is met as of the end of the fiscal quarter most recently ended for which financial statements are available, and (B) Liquidity shall not be less than \$150,000,000; provided that with respect to any Material Event, the Borrower shall have delivered to the Administrative Agent a certificate of a Financial Officer of the Borrower (which shall be in form and substance satisfactory to the Administrative Agent and shall include detailed calculations) that confirms the condition in clause (i) above and demonstrates compliance with clauses (A), and (B) above;

(w) any transaction permitted by Section 8.2.5 [Restricted Payments], 8.2.6 [Liquidation, Mergers, Consolidations] or 8.2.7 [Dispositions of Assets or Subsidiaries];

(x) the making and incurrence of intercompany loans to the extent permitted under Section 8.2.1 [Indebtedness]; and

(y) the acquisition of the obligations of one or more officers or other employees of the Borrower or its Subsidiaries in connection with such officers' or employees' acquisition of shares of the Borrower's Equity Interests, so long as (i) no cash is actually advanced by the Borrower or any of its Subsidiaries to such officers or employees in connection with the acquisition of any such obligations, and (ii) such acquisition does not lead to any breach of section 678 of the UK Companies Act.

By way of clarification and not limitation, this Section's use of the words "pledge collateral to secure" is intended to address only any such pledge given secure Indebtedness or other obligations of another Person and is not intended to impair the availability to the Loan Parties and their Subsidiaries of Liens otherwise permitted under Section 8.2.2 [Liens; Lien Covenants].

8.2.5 Restricted Payments. Each of the Loan Parties shall not, and shall not permit any of its Material Subsidiaries to, make or pay, or agree to become or remain liable to make or pay, any Restricted Payment, except:

(a) Restricted Payments (subject to the Intercompany Subordination Agreement) payable to the Borrower or a Subsidiary of the Borrower or payable ratably to the other holders of such Subsidiary's Equity Interests;

(b) dividends payable solely in shares of any class of Equity Interests (or of common stock) to the holders of such class of Equity Interests;

(c) so long as no Event of Default has occurred and is continuing or would result therefrom, the Borrower may purchase the Borrower's common stock or common stock equity awards from present or former officers, directors or employees (or their respective spouses, successors, executors, estates, administrators or heirs) of the Borrower or any Subsidiary of the Borrower upon the death, disability, retirement or termination of employment of such officer, director or employee;

(d) Restricted Payments with respect to (i) employee or directors stock options, stock incentive plans or restricted stock plans of the Borrower which are compensatory in nature and approved by the compensation committee of the Borrower's board of directors and (ii) the purchase from time to time by the Borrower of its common stock (for not more than market price) with the proceeds of the exercise by grantees under any equity-based incentive plan;

(e) Restricted Payments with respect to its Equity Interests in exchange for, or out of the net cash proceeds of, a substantially concurrent sale of, such Equity Interests;

(f) any Restricted Payment deemed to occur upon the exercise of any options or warrants to the extent that such Restricted Payment represents all or a portion of the exercise price;

(g) Restricted Payments to minority shareholders of any Person that is acquired pursuant to a Permitted Acquisition or similar Investment permitted by Section 8.2.4 [Loans, Guaranties and Investments] pursuant to appraisal or dissenters' rights or applicable Law with respect to shares of such Person held by such shareholders;

(h) Restricted Payments made by the Borrower, so long as, on the date on which each such Restricted Payment is made:

(i) no Event of Default or Potential Default then exists or would exist after giving pro forma effect to such Restricted Payment,

(ii) the amount of such Restricted Payment, when added to the aggregate amount of all other Restricted Payments theretofore made by the Borrower pursuant to this clause (h) during the fiscal year in which such Restricted Payment is made, does not exceed an amount equal to (A) the lesser of \$60,000,000 and the Borrower's consolidated net income for such fiscal year, plus (B) fifty percent (50%) of the portion of the Borrower's consolidated net income for such fiscal year that exceeds \$60,000,000,

(iii) after giving pro forma effect to such Restricted Payment, the Net Secured Leverage Ratio is not less than 2.00 to 1.00, and

(iv) after giving pro forma effect to such Restricted Payment, Liquidity is not less than \$150,000,000.

The Borrower and its Subsidiaries shall not amend, or enter into a Permitted Refinancing of, the 2022 Notes or the 2022 Indenture or any agreement evidencing or governing its other unsecured

Indebtedness outstanding on the Closing Date if the effect of such amendment is to change, to earlier date, any date upon which a payment of principal is due thereon or amend any provision thereof if the effect of such amendment is to require any such principal to be redeemed, prepaid or defeased, or permit the maturity of such principal to be accelerated, on an earlier date or by reason of the occurrence or existence of any event or condition not theretofore specified.

8.2.6 Liquidations, Mergers, Consolidations. Each of the Loan Parties shall not, and shall not permit any of its Subsidiaries to, dissolve, liquidate or wind-up its affairs, or become a party to any merger or consolidation, except that:

(a) any Person may merge or consolidate with the Borrower in connection with a Permitted Acquisition in which the Borrower shall be the continuing or surviving Person and:

(i) immediately after giving effect to the consummation of such merger or consolidation the representations, warranties of the Loan Parties under Section 6 [Representations and Warranties] shall be true and correct in all material respects, as though made at and as of such time, unless expressly made as of a prior date (in which case such representations and warranties shall have been true and correct in all material respects as of such prior date); provided that any representation and warranty that is qualified as to materiality, "Material Adverse Change" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects as of such respective dates;

(ii) the holders of the Borrower's issued and outstanding Equity Interests (both economic and voting) immediately before the consummation of such merger or consolidation shall own not less than sixty-five percent (65%) of the Borrower's issued and outstanding Equity Interests (both economic and voting) immediately after the consummation of such merger or consolidation;

(iii) the Borrower shall have delivered to the Administrative Agent true and complete copies of all material documents relating to such merger or consolidation at least five (5) Business Days prior to the consummation thereof;

(iv) the Borrower shall have delivered to the Administrative Agent a certificate signed by an Authorized Officer dated as of the date on which the such merger or consolidation is consummated confirming that the requirements of clauses (i), (ii) and (iii) above, are satisfied; and

(v) the Borrower shall, within sixty (60) days (or such longer period as agreed to by the Administrative Agent in writing in its sole discretion) after the consummation of such merger or consolidation, execute and deliver to the Administrative Agent such Collateral Documents, and cause to be made such filings and taken such other actions, as the Administrative Agent may reasonably request to create and perfect Prior Security Interests in favor of the Administrative Agent (or, if applicable, a security trustee) for the benefit of the Lenders in the applicable property acquired by the Borrower in such merger or consolidation;

provided that (A) the Agreed Security Principles shall apply to the provisions of this clause (v); (B) the acquired property so encumbered shall be limited to the kind and type of property pledged as Collateral by the Borrower on the Closing Date, and (C) if such property is Equity Interests of a Subsidiary, the provisions of Section 8.2.9 [Subsidiaries, Partnerships and Joint Ventures] shall apply;

(b) any Person (other than the Borrower) may merge or consolidate with any Subsidiary of the Borrower in a transaction in which the surviving entity is a Subsidiary of the Borrower (and, if any party to such merger or consolidation is a Loan Party, is a Loan Party);

(c) any Subsidiary of the Borrower may merge or consolidate with any Person (other than the Borrower) in a transaction permitted under Section 8.2.7 [Dispositions of Assets or Subsidiaries] in which, after giving effect to such transaction, the surviving entity is not a Subsidiary of the Borrower; and

(d) any Subsidiary of the Borrower (other than a Material Subsidiary) may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders;

in each case, provided that (i) no Event of Default shall exist immediately prior to, and after giving effect to, any such dissolution, liquidation, winding-up, merger or consolidation and (ii) any such merger or consolidation involving a Person that is not a Wholly-Owned Subsidiary of the Borrower immediately prior thereto shall not be permitted unless it is also permitted under Section 8.2.4 [Loans, Guaranties and Investments].

8.2.7 Dispositions of Assets or Subsidiaries. Each of the Loan Parties shall not, and shall not permit any of its Subsidiaries to cause or permit an Asset Sale or otherwise transfer or dispose of, voluntarily or involuntarily, any of its properties or assets, tangible or intangible (including sale, assignment, discount or other disposition of accounts, contract rights, chattel paper, equipment or general intangibles with or without recourse or of any Equity Interests of a Subsidiary of such Loan Party), except:

(a) transactions involving the sale of inventory in the ordinary course of business;

(b) any sale, transfer or lease of used, obsolete, worn out or surplus assets in the ordinary course of business;

(c) any sale, transfer or lease of assets to a Loan Party or any Subsidiary of a Loan Party; provided that any such sales, transfers or leases involving a Subsidiary of the Borrower that is not a Loan Party shall be made in compliance with Section 8.2.8 [Affiliate Transactions];

(d) any sale, transfer or lease of assets in the ordinary course of business;

- (e) the Loan Parties and their Subsidiaries may sell their accounts receivable in connection with Permitted Securitization Arrangements; provided that the Securitization Amount at any time shall not exceed \$300,000,000;
- (f) assignments and licenses of intellectual property of the Borrower or any Subsidiary between or among the Borrower and its Subsidiaries, and licenses (i) to Joint Ventures or (ii) in the ordinary course of business;
- (g) leases of owned real property and subleases of leased real property, in each case, not interfering in any material respect with the operations of the Borrower and its Subsidiaries taken as a whole;
- (h) the Borrower and its Subsidiaries may make Asset Sales of assets having a net book value on the Borrower's books and records not in excess of the greater of (i) \$35,000,000 in any fiscal year and (ii) if, after giving pro forma effect to such Asset Sale, the Transaction Leverage Requirement is met as of the end of the fiscal quarter most recently ended for which financial statements are available, \$100,000,000 in any fiscal year; provided that, as to all Asset Sales under this clause (h), (1) the consideration received for such assets shall be in an amount at least equal to the fair market value thereof (as determined in good faith by the Borrower); (2) at least 75% of the consideration received shall be Cash or Permitted Investments (provided that, for the purposes of the foregoing requirement, (A) any Indebtedness assumed by the transferee of such assets and (B) any securities received from the transferee that are convertible to Cash or Permitted Investments within 180 days following the closing of the relevant Asset Sale shall be deemed to be Cash or Permitted Investments); (3) no Event of Default shall have occurred or be continuing after giving effect thereto, and (4) with respect to any Material Event, the Borrower shall have delivered to the Administrative Agent a certificate of a Financial Officer of the Borrower (which shall be in form and substance satisfactory to the Administrative Agent and shall include detailed calculations) that confirms the conditions in clauses (1), (2) and (3) above and demonstrates compliance with clause (ii) above.
- (i) in order to resolve disputes that occur in the ordinary course of business, the sale, transfer, disposition, discount or compromise for less than the face value thereof, notes or accounts receivable;
- (j) the sale or disposition of Equity Interests of any Subsidiary of the Borrower in order to qualify members of the board of directors (or equivalent body otherwise named) of such Subsidiary if required by applicable Law;
- (k) the sale or other disposition of Permitted Investments for fair value;
- (l) the sale or other disposition of specific items of equipment, so long as the purpose of such sale or disposition is to acquire replacement items of like-kind equipment or other equipment used or useful in the conduct of the business of the Borrower or any of its Subsidiaries;
- (m) leases, assignments and licenses of personal property in the ordinary course of business;

(n) dispositions resulting from any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of the Borrower or any of its Subsidiaries;

(o) dispositions of Investments in Joint Ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the Joint Venture parties set forth in Joint Venture arrangements and similar binding arrangements;

(p) the disposition or sale of any assets acquired in connection with any Permitted Acquisition in contemplation that such assets would be sold to a third party; provided, that, (i) such assets are sold for consideration not less than the value attributed to such assets in the calculation of the aggregate consideration for such Permitted Acquisition and (ii) such disposition or sale occurs within one (1) year of the consummation of such Permitted Acquisition;

(q) any merger, consolidation, winding up, liquidation or dissolution permitted pursuant to Section 8.2.6 [Liquidations, Mergers, Consolidations], or any transaction permitted pursuant to Section 8.2.4 [Loans, Guaranties and Investments] or Section 8.2.15 [Sale and Leaseback Transactions];

(r) any sale, transfer or lease of assets in transactions that do not constitute Asset Sales; provided that the consideration received for such assets (other than assets described in clause (c)(iii) or (iv) of the definition of Asset Sale) shall be in an amount at least equal to the fair market value thereof (as determined in good faith by the Borrower); and

(s) any sale, transfer or lease of assets, other than those specifically excepted pursuant to clauses (a) through (r) above, which is approved by the Required Lenders.

8.2.8 Affiliate Transactions. Each of the Loan Parties shall not, and shall not permit any of its Subsidiaries to, enter into or carry out any transaction with any Affiliate of any Loan Party (including purchasing property or services from or selling property or services to any Affiliate of any Loan Party or other Person) unless such transaction is not otherwise prohibited by this Agreement, is entered into in the ordinary course of business upon arm's-length terms; provided that the foregoing restrictions shall not apply to (i) any transaction between or among the Loan Parties, (ii) any transaction between or among any of the Borrower's Subsidiaries that are not Loan Parties, (iii) reasonable and customary fees and expenses paid to members of the Board of Directors of the Borrower, (iv) Restricted Payments permitted by Section 8.2.5 [Restricted Payments], (v) service agreements, reimbursement of expenses or compensation arrangements with employees, officers and directors of the Borrower and its Subsidiaries entered into in the ordinary course of business, (vi) transactions pursuant to the agreements set forth on Schedule 8.2.8, and (vii) transactions otherwise expressly permitted by this Agreement.

8.2.9 Subsidiaries, Partnerships and Joint Ventures. (a) Each of the Loan Parties shall not, and shall not permit any of its Subsidiaries to own or create directly or indirectly any Subsidiaries other than as permitted under Section 8.2.4 [Investments]. In addition to the Material Subsidiaries which have joined this Agreement as Guarantors on the Closing Date, each

US Subsidiary that is a Material Subsidiary formed or acquired by a Loan Party after the Closing Date (or designated by the Borrower to be a Guarantor pursuant to paragraph (d) of this Section 8.2.9) shall, no later than sixty (60) days (or such longer period as agreed to by the Administrative Agent in writing in its sole discretion) after its becoming a Material Subsidiary (or being designated to be a Guarantor by the Borrower pursuant to paragraph (d) of this Section 8.2.9), join this Agreement as a Guarantor by delivering to the Administrative Agent (i) a signed Guarantor Joinder; (ii) documents in the forms described in Section 7.1 [First Loans and Letters of Credit] modified as appropriate; and (iii) Collateral Documents necessary to grant and perfect Prior Security Interests to the Administrative Agent, the UK Security Trustee or the Spanish Security Agent (as applicable) for the benefit of the Lenders in the applicable property of such Subsidiary (which, for the avoidance of doubt, shall be limited to the kind and type of property pledged as Collateral on the Closing Date, taking into account the jurisdiction of organization of such Subsidiary); provided that whether a Subsidiary shall be obligated to become a Guarantor and execute and deliver the Loan Documents described in clauses (i), (ii) and (iii) above (and the respective forms thereof) shall be subject to the Agreed Guaranty Principles and the Agreed Security Principles. Subject to the Agreed Security Principles, each Loan Party creating or acquiring a Subsidiary shall grant and perfect a Prior Security Interest to the Administrative Agent, the UK Security Trustee or the Spanish Security Agent (as applicable) for the benefit of the Lenders in the Equity Interests of such Subsidiary. If, at any time, any Subsidiary of the Borrower is a borrower or guarantor under the 2022 Notes or any refinancing thereof, but is not a Guarantor hereunder, such Subsidiary shall join this Agreement as a Guarantor in the manner prescribed in this Section 8.2.9; provided that, in such case, the Agreed Guaranty Principles shall apply only if and to the extent that they apply under the 2022 Notes or such refinancing.

(b) Each of the Loan Parties shall not become or agree to become a party to a Joint Venture, except as permitted under Section 8.2.4 [Loans, Guaranties and Investments].

(c) Guaranties and security documents required under paragraph (a) of this Section 8.2.9 shall be subject to the following limitations with respect to a Guarantor that is a French Person (a "French Guarantor"):

(i) Its obligations hereunder and under its Guaranty Agreement and any other Loan Document shall apply only insofar as may be required to:

(A) guarantee the payment obligations under the Loan Documents of its direct or indirect Subsidiaries which are or become a Loan Party from time to time under this Agreement and which are incurred by those Subsidiaries as borrowers (if they are not French Persons) and/or as borrowers or Guarantors (if they are French Persons); and

(B) guarantee the payment obligations of the Borrower or other Guarantors which are not direct or indirect Subsidiaries of such French Guarantor, provided that in such case such guarantee shall (1) be limited to the payment obligations of all such other Guarantors under the Loan Documents and (2) not exceed an amount equal to the aggregate of all amounts borrowed by such other Guarantors under this Agreement (either directly or indirectly by way of intercompany loan(s) made to such other Guarantors directly or indirectly by the Borrower or by other



Guarantors) and (without double counting) on-lent to such French Guarantor by way of intercompany loan(s), directly or indirectly from the Borrower or other Guarantors and outstanding from time to time (such amount being the “Maximum Guaranteed Amount”).

(ii) Any payment made by a French Guarantor under paragraph (c)(i)(B) above shall reduce pro tanto the outstanding amount of the intercompany loans due by such French Guarantor to the Borrower or other Guarantor under the intercompany loans referred to in that paragraph.

(iii) For the avoidance of doubt, any payment made by a French Guarantor in respect of the payment obligations of the Borrower or a Guarantor referred to in paragraph (c)(i)(B) above shall reduce the relevant Maximum Guaranteed Amount. Notwithstanding any other provision of this Section 8.2.9(c), the Guaranty Agreement of any French Guarantor or any other Loan Documents, no French Guarantor shall guarantee liabilities under any Loan Document which would result in such French Guarantor not complying with the French financial assistance rules as set out in article L.225-216 of the French Commercial Code (Code de Commerce) and/or would constitute a misuse of corporate assets within the meaning of article L.241-3, L.242-6 or L.244-1 of the French Commercial Code (Code de commerce) or any other applicable laws or regulations having the same effect, as interpreted by French courts.

(iv) It is acknowledged that such French Guarantor is not acting jointly and severally with any other Loan Party as to its obligations pursuant to the guarantee given in accordance with this Section 8.2.9 and any guaranty agreement.

(v) The representations and warranties made in Section 6 hereof and any covenants made by any French Guarantor shall be strictly limited to matters related to such French Guarantor and its Subsidiaries and shall not be joint and several with other Loan Parties.

(d) The obligations and liabilities of any Guarantor that is a Spanish Person (a “Spanish Guarantor”) hereunder, under its Guaranty Agreement and under any other Loan Document, to the extent applicable on to any Spanish Guarantor, shall be deemed not to be assumed by such Spanish Guarantor to the extent that they constitute or may constitute unlawful financial assistance within the meaning of article 150 of the Spanish Companies Law (where the company is a Spanish public company (Sociedad Anónima)) or article 143 of the Spanish Companies Law (where the company is a Spanish limited liability company (Sociedad de Responsabilidad Limitada)). Accordingly, the obligations and liabilities of any Spanish Guarantor hereunder or under such other Loan Document, to the extent applicable on to any Spanish Guarantor, shall not include and shall not be extended to any repayment obligations in respect of financing used in or towards the payment of or refinancing of the purchase price or subscription for the shares or quotas in the Spanish Guarantor and/or the acquisition of or subscription for the shares or quotas in its controlling corporation directly or indirectly (or, where the company is a Spanish limited liability company (Sociedad de Responsabilidad Limitada), of any company of its group). The guarantee, indemnity and other obligations of any Spanish Guarantor incorporated as a Spanish limited liability company (*Sociedad de Responsabilidad Limitada*) expressed to be

assumed by it under the guarantee of any Spanish Guarantor shall not include and shall not extend to any obligations which could reasonably be expected to result in a breach of article 401 of the Spanish Capital Companies Act, to the extent the restrictions under article 401 of the Spanish Capital Companies Act may be applicable to such Spanish Guarantor.

(e) In no event shall (i) the Aggregate Sales Percentage be less than 85% at any time, (ii) the Aggregate Asset Percentage be less than 85% at any time, or (iii) the Aggregate EBITDA Percentage be less than 85% at any time, it being understood and agreed that, the Borrower shall cause additional Subsidiaries (other than any Subsidiary that is a Joint Venture that is restricted from becoming a Guarantor pursuant to the terms of the applicable joint venture agreement) to become Guarantors and pledge certain assets as Collateral as provided in paragraph (a) of this Section 8.2.9 to the extent necessary to comply with this Section 8.2.9(d) within sixty (60) days (or such longer period as agreed to by the Administrative Agent in writing in its sole discretion) after such percentages are not satisfied.

(f) The Administrative Agent promptly shall cause a Guarantor to be released from its obligations hereunder, under its Guaranty Agreement and the other Loan Documents to which it is a party and any pledge of the Equity Interests of such Guarantor's Subsidiaries to be released (to the fullest extent permitted by law), upon (a) certification by a Financial Officer on behalf of the Borrower to the Administrative Agent that such Guarantor is no longer (i) a Material Subsidiary and (ii) after giving effect to the release of such Subsidiary as a Guarantor, the Loan Parties shall be in compliance with the Aggregate Sales Percentage, Aggregate Asset Percentage and Aggregate EBITDA Percentage requirements set forth in paragraph (e) of this Section 8.2.9 or (b) the consummation of any transaction permitted by this Agreement as a result of which such Guarantor ceases to be a Subsidiary. In connection with any termination or release pursuant to this Section 8.2.9(f), the Administrative Agent, on behalf of the Lenders, shall execute and deliver (and is hereby authorized by each Lender) to any Guarantor, at such Guarantor's expense, all documents that such Guarantor shall reasonably request to evidence such termination or release.

8.2.10 Continuation of or Change in Business. Each of the Loan Parties shall not, and shall not permit any of its Subsidiaries to, engage in any businesses other than the respective current businesses thereof and any similar, ancillary or related businesses.

8.2.11 Fiscal Year. The Borrower shall not, and shall not permit any Subsidiary of the Borrower to, change its fiscal year from the twelve-month period beginning January 1 and ending December 31.

8.2.12 [Reserved].

8.2.13 Changes in Organizational Documents. Each of the Loan Parties shall not, and shall not permit any of its Subsidiaries to, amend its certificate of incorporation (including any provisions or resolutions relating to Equity Interests), by-laws, certificate of limited partnership, partnership agreement, certificate of formation, limited liability company agreement, articles of association or other organizational documents in any respect materially adverse to the interest of the Lenders without the prior written consent of the Required Lenders (which consent shall not be unreasonably withheld, conditioned or delayed).

8.2.14 Capital Expenditures and Leases. The Loan Parties shall not permit aggregate payments on account of Capital Expenditures by the Borrower and its Subsidiaries on a consolidated basis to exceed (a) \$150,000,000 in the fiscal year ending December 31, 2018 and (b) 135,000,000 in any fiscal year ending thereafter; provided that, (i) unused permitted Capital Expenditure amounts for a fiscal year may be rolled-over only into the immediately following fiscal year and (ii) each fiscal year's permitted amount set forth in, as applicable clause (a) or clause (b) shall be used first before any roll-over amount is used, such that a roll-over amount shall not be used to increase the roll-over amount in any future year; and provided, further, that Capital Expenditures that do not exceed \$50,000,000 in the aggregate during the term of this Agreement made for the [describe solar project] shall be excluded from the limitations in this Section 8.2.14.

8.2.15 Sale and Leaseback Transactions Each of the Loan Parties shall not, and shall not permit any of its Subsidiaries to, enter into any arrangement, directly or indirectly, with any Person whereby it shall sell or transfer any property used or useful in its business (other than the Finance Lease Energy Assets), whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred (a "Sale and Leaseback Transaction"), unless (a) the sale or transfer of the property thereunder is permitted under Section 8.2.7 [Dispositions of Assets or Subsidiaries], (b) any Indebtedness with respect to Capital Lease Obligations or Synthetic Lease Obligations arising in connection therewith is permitted under Section 8.2.1 [Indebtedness] and (c) any Liens arising in connection therewith are permitted under Section 8.2.2 [ Liens; Lien Covenants].

8.2.16 Maximum Net Total Leverage Ratio. The Loan Parties shall not permit the Net Total Leverage Ratio to exceed (a) as of the end of any fiscal quarter ending on or after December 31, 2017 through and including the fiscal quarter ending December 31, 2019, 3.50 to 1.00 and (b) as of the end of any fiscal quarter ending on or after March 31, 2020, 3.00 to 1.00.

8.2.17 Minimum Interest Coverage Ratio. The Loan Parties shall not permit the Interest Coverage Ratio to be less than 2.25 to 1.00 as of the end of any fiscal quarter ending after the Closing Date.

8.2.18 UK Pensions Borrower shall ensure that neither it nor any of its Subsidiaries has been at any time an employer (for the purposes of sections 38 to 51 of the UK Pensions Act) of an occupational pension scheme which is not a money purchase scheme (both terms as defined in the Pension Schemes Act 1993) or "connected" with or an "associate" of (as those terms are used in sections 38 or 43 of the UK Pensions Act 2004) such an employer.

8.2.19 Limitation on Negative Pledges. Each of the Loan Parties shall not, and shall not permit any Subsidiary, to enter into or suffer to exist or become effective any agreement that prohibits or limits the ability of such Loan Party or any of its Subsidiaries to create, incur, assume or suffer to exist any Lien upon any of its property or revenues, whether now owned or hereafter acquired, to secure the Obligations, other than (a) this Agreement and the other Loan Documents (b) with respect to a Subsidiary imposed pursuant to an agreement that has been entered into in connection with a disposition of assets permitted under this Agreement of all or substantially all of the equity interests or assets of such Subsidiary, (c) any agreements governing any Capital Lease Obligations, Synthetic Lease Obligations or other Purchase Money Security

Interests otherwise permitted hereby (in which case, any prohibition or limitation shall only be effective against the assets financed thereby), (d) any agreements governing any Indebtedness permitted under this Agreement and existing on the Closing Date, as such agreements provide on the Closing Date, (e) customary provisions restricting assignment of any licensing agreement (in which a Loan Party or its Subsidiaries are the licensee) with respect to a contract entered into by a Loan Party or its Subsidiaries in the ordinary course of business and (f) customary provisions restricting subletting, sublicensing or assignment of any intellectual property license or any lease governing any leasehold interests of a Loan Party and its Subsidiaries.

8.3 Reporting Requirements. The Borrower will furnish or cause to be furnished to the Administrative Agent, for the benefit of each Lender and the Administrative Agent:

8.3.1 Quarterly Financial Statements. As soon as available and in any event no later than forty-five (45) calendar days after the end of each of the first three fiscal quarters in each fiscal year of the Borrower, financial statements of the Borrower, consisting of a condensed consolidated balance sheet as of the end of such fiscal quarter and related condensed consolidated statements of income and cash flows for the fiscal quarter then ended and the fiscal year through that date, all in reasonable detail and certified (subject to normal year-end audit adjustments) by a Financial Officer of the Borrower as having been prepared in accordance with IFRS, consistently applied, and setting forth in comparative form the respective financial statements for the corresponding date and period in the previous fiscal year.

8.3.2 Annual Financial Statements. As soon as available and in any event no later than the earlier of (a) the 120th day after the end of each fiscal year of the Borrower and (b) the Business Day following the filing of the Borrower's Form 20-F for such fiscal year with the SEC (or other equivalent form with other equivalent governmental authority), financial statements of the Borrower consisting of a consolidated balance sheet as of the end of such fiscal year, and related consolidated statements of income and cash flows for the fiscal year then ended, all in reasonable detail and setting forth in comparative form the financial statements as of the end of and for the preceding fiscal year, and audited by independent certified public accountants of nationally recognized standing selected by the Borrower. The certificate or report of accountants shall be free of qualifications (other than any consistency qualification that may result from a change in the method used to prepare the financial statements as to which such accountants concur or any going concern or scope of the audit qualification with respect to, or that may result from, an upcoming maturity date or a potential inability to satisfy any future covenant on a future date or for a future period). The Borrower shall be deemed to have furnished any such information required to be delivered pursuant to this Section 8.3.2 if and when it posts such information on the publicly available website maintained by or on behalf of the Securities and Exchange Commission for access to documents filed in the EDGAR database (the "EDGAR Website").

8.3.3 Certificates of the Borrower. (a) Concurrently with the financial statements of the Borrower furnished to the Administrative Agent and to the Lenders pursuant to Sections 8.3.1 [Quarterly Financial Statements] and 8.3.2 [Annual Financial Statements], (i) a certificate (each a "Compliance Certificate") of the Borrower signed by a Financial Officer of the Borrower, in the form of Exhibit 8.3.3 and (ii) information reasonably satisfactory to the Administrative Agent demonstrating in reasonable detail that the Aggregate Sales Percentage as of the end of the applicable period was not less than 85%, the Aggregate Asset Percentage as of the

end of the applicable period was not less than 85%, and the Aggregate EBITDA Percentage as of the end of the applicable period was not less than 85%; and (b) concurrently with the financial statements of the Borrower furnished to the Administrative Agent and to the Lenders pursuant to Section 8.3.2 [Annual Financial Statements] an updated perfection certificate (or, as appropriate, certificate confirming the absence of any change from the prior perfection certificate) for each Loan Party (in form and content consistent with the perfection certificates delivered to the Administrative Agent on the Closing Date) as of a date not earlier than ten (10) Business Days prior to the date of such Compliance Certificate.

#### 8.3.4 Notices.

8.3.4.1 Default. Promptly after any officer of any Loan Party has learned of the occurrence of an Event of Default or Potential Default, a certificate signed by an Authorized Officer setting forth the details of such Event of Default or Potential Default and the action which such Loan Party proposes to take with respect thereto.

8.3.4.2 Litigation. Promptly after the commencement thereof, notice of all actions, suits, proceedings or investigations before or by any Official Body or any other Person against any Loan Party or Subsidiary of any Loan Party which relate to the Collateral, involve a claim or series of claims in excess of \$10,000,000 or which if adversely determined would constitute a Material Adverse Change.

8.3.4.3 Organizational Documents. Promptly following the effectiveness thereof (unless the prior written consent of the Required Lenders is required in accordance with Section 8.2.13 [Changes in Organizational Documents]), any amendment to the organizational documents of any Loan Party.

8.3.4.4 Erroneous Financial Information. In the event that the Borrower or its accountants conclude or advise that any previously issued financial statement, audit report or interim review should no longer be relied upon or that disclosure should be made or action should be taken to prevent future reliance, promptly (and in any event within three (3) Business Days) following such conclusion or advice, notice in writing setting forth the details thereof and the action which the Borrower proposes to take with respect thereto.

8.3.4.5 Pension Plan Event. Promptly (and in any event within five (5) Business Days) after (a) a Financial Officer of Globe has learned of the occurrence of any ERISA Event, notice in writing setting forth the details thereof and the action which Globe proposes to take with respect thereto and (b) a Financial Officer of the Borrower or a Non-US Guarantor has learned of the occurrence of any EU Plan Event, notice in writing setting forth the details thereof and the action which such Loan Party proposes to take with respect thereto.

8.3.4.6 UK Significant Control Regime. Promptly (and in any event, within the relevant timeframe) comply with any notice it receives pursuant to Part 21A of the UK Companies Act from any company incorporated in the United Kingdom whose shares form a part of the Collateral, and provide the UK Security Trustee a copy of that notice.

8.3.4.7 Other Reports. Promptly upon their becoming available to the Borrower:

(a) Annual Budget. The annual budget and any forecasts or projections of the Borrower and its Subsidiaries for each fiscal year shall be supplied not later than sixty (60) days after the commencement of such fiscal year,

(b) Management Letters. Any reports including management letters submitted to the Borrower by independent accountants in connection with any annual, interim or special audit,

(c) SEC Reports; Shareholder Communications. Reports, including Forms 20-F and 6-K, registration statements and prospectuses and other shareholder communications, filed by the Borrower with the Securities and Exchange Commission of the United States; provided that posting of such information on the EDGAR Website shall constitute delivery for purposes of this Section 8.3.4.7(c), and

(d) Other Information. Such other reports and information (including financial and other information in respect of the Person or business that is the subject of a Permitted Acquisition, unless such information is not reasonably available or would impose an unreasonable expense on a Loan Party or its Subsidiary) as any of the Lenders may from time to time reasonably request.

## 9. DEFAULT

9.1 Events of Default. An Event of Default shall mean the occurrence or existence of any one or more of the following events or conditions (whatever the reason therefor and whether voluntary, involuntary or effected by operation of Law):

9.1.1 Failure to Pay. The Borrower shall fail to pay (i) any principal of any Loan (including scheduled installments, mandatory prepayments or the payment due at maturity), Reimbursement Obligation or Letter of Credit Obligation when due in accordance with the terms hereof or (ii) any interest on any Loan, Reimbursement Obligation or Letter of Credit Obligation, any Commitment Fee, Letter of Credit Fee or any other amount owing hereunder within three (3) Business Days of the date on which such interest or other amount becomes due in accordance with the terms hereof;

9.1.2 Breach of Warranty. Any representation or warranty made at any time by any of the Loan Parties herein or by any of the Loan Parties in any other Loan Document, or in any certificate, other instrument or statement furnished pursuant to the provisions hereof or thereof, shall prove to have been false or misleading in any material respect as of the time it was made (or deemed made) or furnished;

9.1.3 Reserved.

9.1.4 Breach of Negative Covenants, Visitation Rights or Anti-Terrorism Laws. Any of the Loan Parties shall default in the observance or performance of any covenant contained in Section 8.1.5 [Visitation Rights], Section 8.1.9 [Anti-Terrorism Laws; International Trade Law Compliance] or Section 8.2 [Negative Covenants];

9.1.5 Breach of Other Covenants. Any of the Loan Parties shall default in the observance or performance of any other covenant, condition or provision hereof or of any other Loan Document and such default shall continue for a period of thirty (30) days after the earlier of (a) notice of such default to the Borrower from the Administrative Agent or any Lender and (b) actual knowledge of such default by an officer of such Loan Party;

9.1.6 Defaults under 2022 Notes or Other Agreements or Indebtedness. (a) An “Event of Default” (as defined in the 2022 Indenture, including an equivalent event so named or otherwise named under any document evidencing or governing a refinancing thereof) shall occur, or (b) a default or event of default shall occur at any time under the terms of one or more other agreements involving borrowed money or the extension of credit or any other Indebtedness under which any Loan Party or Subsidiary of any Loan Party may be obligated as a borrower or guarantor in excess of \$25,000,000 in the aggregate, and such default or event of default consists of the failure to pay (beyond any period of grace permitted with respect thereto) any Indebtedness when due (whether at stated maturity, by acceleration or otherwise) or if such default or event of default permits or causes the acceleration of any Indebtedness or the termination of any commitment to lend;

9.1.7 Final Judgments or Orders. Any final judgment or judgments or order or orders for the payment of money in excess of \$25,000,000 in the aggregate, in each case to the extent not adequately covered by insurance as to which a solvent and unaffiliated insurance company has acknowledged coverage in writing, shall be entered against any Loan Party by a court having jurisdiction in the premises, which judgment is, or judgments are, not discharged, vacated, bonded or stayed pending appeal within a period of sixty (60) days from the date of entry;

9.1.8 Loan Document Unenforceable. Any of the Loan Documents shall cease to be legal, valid and binding agreements enforceable against the party executing the same or such party’s successors and assigns (as permitted under the Loan Documents) in accordance with the respective terms thereof or shall in any way be terminated (except in accordance with its terms) or become or be declared ineffective or inoperative or shall in any way be challenged or contested by a party to a Loan Document or cease to give or provide the respective Liens, security interests, rights, titles, interests, remedies, powers or privileges intended to be created thereby;

9.1.9 Uninsured Losses; Proceedings Against Assets. There shall occur any material uninsured damage to or loss, theft or destruction of any of the Collateral in each case having an aggregate value in excess of \$25,000,000, or the Collateral or any other of the Loan Parties’ or any of their Subsidiaries’ assets, in each case having an aggregate value in excess of \$25,000,000, are attached, seized, levied upon or subjected to a writ or distress warrant; or such come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors and the same is not cured within thirty (30) days thereafter;

9.1.10 Events Relating to Pension Plans and Multiemployer Plans. (a) An ERISA Event occurs with respect to a Pension Plan which has resulted or could reasonably be expected to result in liability of Globe or any member of the ERISA Group under Title IV of ERISA to the Pension Plan or the PBGC in an aggregate amount in excess of \$10,000,000, or Globe or any member of the ERISA Group fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under

Section 4201 of ERISA under a Multiemployer Plan, where the aggregate amount of unamortized withdrawal liability is in excess of \$10,000,000, or (b) an EU Plan Event occurs with respect to a Pension Plan which has resulted or could reasonably be expected to result in liability of the Borrower or a Non-US Guarantor in an aggregate amount in excess of \$10,000,000.

9.1.11 Change of Control. A Change of Control shall occur.

9.1.12 Insolvency Proceedings. (i) An Insolvency Proceeding shall have been instituted against any Loan Party or Subsidiary of a Loan Party and (other than with respect to Insolvency Proceedings against a UK Person or under UK Law) such Insolvency Proceeding shall remain undismitted or unstayed and in effect for a period of sixty (60) consecutive days or such court shall enter a decree or order granting any of the relief sought in such Insolvency Proceeding, (ii) any Loan Party or Subsidiary of a Loan Party institutes, or takes any action in furtherance of, an Insolvency Proceeding, or (iii) any Loan Party or any Subsidiary of a Loan Party ceases to be Solvent or admits in writing its inability to pay its debts as they mature.

9.2 Consequences of Event of Default.

9.2.1 Events of Default Other Than Bankruptcy, Insolvency or Reorganization Proceedings. If an Event of Default specified under Sections 9.1.1 through 9.1.11 shall occur and be continuing, the Lenders and the Administrative Agent shall be under no further obligation to make Loans and the Issuing Lender shall be under no obligation to issue Letters of Credit and the Administrative Agent may, and upon the request of the Required Lenders, shall (i) by written notice to the Borrower, declare the unpaid principal amount of the Notes then outstanding and all interest accrued thereon, any unpaid fees and all other Indebtedness of the Borrower to the Lenders hereunder and thereunder to be forthwith due and payable, and the same shall thereupon become and be immediately due and payable to the Administrative Agent for the benefit of each Lender without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, and (ii) require the Borrower to, and the Borrower shall thereupon, deposit in a non-interest-bearing account with the Administrative Agent, as Cash Collateral for its Obligations under the Loan Documents, an amount equal to the maximum amount currently or at any time thereafter available to be drawn on all outstanding Letters of Credit, and the Borrower hereby pledges to the Administrative Agent, the UK Security Trustee, the Spanish Security Agent and the Lenders, and grants to the Administrative Agent, the UK Security Trustee, or the Spanish Security Agent and the Lenders a security interest in, all such cash as security for such Obligations; and

9.2.2 Bankruptcy, Insolvency or Reorganization Proceedings. If an Event of Default specified under Section 9.1.12 [Insolvency Proceedings] shall occur, the Lenders shall be under no further obligations to make Loans hereunder and the Issuing Lender shall be under no obligation to issue Letters of Credit and the unpaid principal amount of the Loans then outstanding and all interest accrued thereon, any unpaid fees and all other Indebtedness of the Borrower to the Lenders hereunder and thereunder shall be immediately due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived; and

9.2.3 Set-off. If an Event of Default shall have occurred and be continuing, each Lender, the Issuing Lender, the Swing Loan Lender and each of their respective Affiliates and any participant of such Lender or Affiliate which has agreed in writing to be bound by the



provisions of Section 5.3 [Sharing of Payments by Lenders] is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the Issuing Lender, the Swing Loan Lender or any such Affiliate or participant to or for the credit or the account of any Loan Party against any and all of the Obligations of such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender, the Issuing Lender, the Swing Loan Lender, Affiliate or participant, irrespective of whether or not such Lender, Issuing Lender, the Swing Loan Lender, Affiliate or participant shall have made any demand under this Agreement or any other Loan Document and although such Obligations of the Borrower or such Loan Party may be contingent or unmatured or are owed to a branch or office of such Lender, the Issuing Lender or the Swing Loan Lender different from the branch or office holding such deposit or obligated on such Indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (i) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.10 [Defaulting Lenders] and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Lender, and the Lenders, and (ii) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, the Issuing Lender and their respective Affiliates and participants under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the Issuing Lender, the Swing Loan Lender or their respective Affiliates and participants may have. Each Lender, the Issuing Lender and the Swing Loan Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application; and

9.2.4 Application of Proceeds. From and after the date on which the Administrative Agent has taken any action pursuant to this Section 9.2 and until Payment in Full, any and all proceeds received by the Administrative Agent from any sale or other disposition of the Collateral, or any part thereof, or the exercise of any other remedy by the Administrative Agent, shall be applied as follows:

(a) First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts, including attorney fees, payable to the Administrative Agent in its capacity as such, the UK Security Trustee in its capacity as such, the Spanish Security Agent in its capacity as such, the Issuing Lender in its capacity as such and the Swing Loan Lender in its capacity as such, ratably among the Administrative Agent, the UK Security Trustee, the Spanish Security Agent, the Issuing Lender and Swing Loan Lender in proportion to the respective amounts described in this clause First payable to them;

(b) Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders under the Loan Documents, including attorney fees, ratably among the Lenders in proportion to the respective amounts described in this clause Second payable to them;

(c) Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans and Reimbursement Obligations, ratably among the Lenders in proportion to the respective amounts described in this clause Third payable to them;

(d) Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans, Reimbursement Obligations and payment obligations then owing under Lender Provided Interest Rate Hedges, Lender Provided Foreign Currency Hedges, and Other Lender Provided Financial Service Products, ratably among the Lenders, the Issuing Lender, and the Lenders or Affiliates of Lenders which provide Lender Provided Interest Rate Hedges Lender Provided Foreign Currency Hedges, and Other Lender Provided Financial Service Products, in proportion to the respective amounts described in this clause Fourth held by them;

(e) Fifth, to the Administrative Agent for the account of the Issuing Lender, to Cash Collateralize any undrawn amounts under outstanding Letters of Credit; and

(f) Last, the balance, if any, to the Loan Parties or as required by Law.

Notwithstanding anything to the contrary in this Section 9.2.4, no Swap Obligations of any Non- Qualifying Party shall be paid with amounts received from such Non-Qualifying Party under its Guaranty Agreement (including sums received as a result of the exercise of remedies with respect to such Guaranty Agreement) or from the proceeds of such Non-Qualifying Party's Collateral if such Swap Obligations would constitute Excluded Hedge Liabilities; provided, however, that to the extent possible appropriate adjustments shall be made with respect to payments and/or the proceeds of Collateral from other Loan Parties that are Eligible Contract Participants with respect to such Swap Obligations to preserve the allocation to Obligations otherwise set forth above in this Section 9.2.4.

## 10. THE ADMINISTRATIVE AGENT

10.1 Appointment and Authority. Each of the Lenders and the Issuing Lender hereby irrevocably appoints PNC to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Section 10 are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Lender, and neither the Borrower nor any other Loan Party shall have rights as a third party beneficiary of any of such provisions.

10.2 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

10.3 Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Potential Default or Event of Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable Law; and

(iii) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 11.1 [Modifications, Amendments or Waivers] and 9.2 [Consequences of Event of Default]) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Potential Default or Event of Default unless and until notice describing such Potential Default or Event of Default is given to the Administrative Agent by the Borrower, a Lender or the Issuing Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Potential Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Section 7 [Conditions of Lending and Issuance of Letters of Credit] or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

10.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed,

sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the Issuing Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender or the Issuing Lender unless the Administrative Agent shall have received notice to the contrary from such Lender or the Issuing Lender prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

10.5 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Section 10 shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

10.6 Resignation of Administrative Agent. (a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the Issuing Lender, the Swing Loan Lender and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, with approval from the Borrower (so long as no Event of Default has occurred and is continuing), to appoint a successor, such approval not to be unreasonably withheld or delayed. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may on behalf of the Lenders, the Issuing Lender and the Swing Loan Lender appoint a successor Administrative Agent; provided that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable Law, by notice in writing to the Borrower and such Person remove such Person as Administrative Agent and, in consultation with the Borrower, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (i) the retiring or removed Administrative Agent shall be discharged from its duties

and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders, the Issuing Lender or the Swing Loan Lender under any of the Loan Documents, the retiring or removed Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (ii) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender, the Issuing Lender and the Swing Loan Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section 10.6. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) or removed Administrative Agent, and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Section 10 and Section 11.3 [Expenses; Indemnity; Damage Waiver] shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

(d) If PNC resigns or is removed as Administrative Agent under this Section 10.6, PNC shall also resign or be removed as the UK Security Trustee, the Spanish Security Agent and an Issuing Lender and the Swing Loan Lender. Upon the appointment of a successor Administrative Agent hereunder, such successor shall (i) succeed to all of the rights, powers, privileges and duties of PNC as the retiring or removed Issuing Lender, PNC as the retiring or removed Swing Loan Lender and PNC as the retiring or removed Administrative Agent and PNC shall be discharged from all of its respective duties and obligations as Issuing Lender, Swing Loan Lender and Administrative Agent under the Loan Documents, and (ii) issue letters of credit in substitution for the Letters of Credit issued by PNC, if any, outstanding at the time of such succession or make other arrangement satisfactory to PNC to effectively assume the obligations of PNC with respect to such Letters of Credit and (iii) advance a Swing Loan in the aggregate principal amount of all Swing Loans advanced by the Swing Loan Lender and not repaid, if any, outstanding at the time of such succession.

10.7 Non-Reliance on Administrative Agent and Other Lenders. Each Lender and the Issuing Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the Issuing Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

10.8 No Other Duties, etc. Anything herein to the contrary notwithstanding, none of the Arrangers or syndication or documentation agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or the Issuing Lender hereunder.

10.9 Administrative Agent's Fee. The Borrower shall pay to the Administrative Agent a nonrefundable fee (the "Administrative Agent's Fee") under the terms of a letter (the "Administrative Agent's Letter") between the Borrower and Administrative Agent, as amended from time to time.

10.10 Authorization to Release Collateral and Guarantors. The Lenders and Issuing Lenders authorize the Administrative Agent to release (a) any Collateral consisting of assets or equity interests sold or otherwise disposed of in a sale or other disposition or transfer permitted under Section 8.2.7 [Dispositions of Assets or Subsidiaries] or Section 8.2.6 [Liquidations, Mergers, Consolidations, Acquisitions], and (b) any Guarantor from its obligations under the Guaranty Agreement and the Collateral Documents (i) if the ownership interests in such Guarantor are sold or otherwise disposed of or transferred to persons other than Loan Parties or Subsidiaries of the Loan Parties in a transaction permitted under Section 8.2.7 [Dispositions of Assets or Subsidiaries] or Section 8.2.6 [Liquidations, Mergers, Consolidations, Acquisitions] or (ii) such Guarantor is otherwise entitled to such release pursuant to Section 8.2.9(f) [Subsidiaries, Partnerships and Joint Ventures].

10.11 No Reliance on Administrative Agent's Customer Identification Program. Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on the Administrative Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other obligations required or imposed under or pursuant to the USA PATRIOT Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the "CIP Regulations"), or any other Anti-Terrorism Law, including any programs involving any of the following items relating to or in connection with any of the Loan Parties, their Affiliates or their agents, the Loan Documents or the transactions hereunder or contemplated hereby: (i) any identity verification procedures, (ii) any recordkeeping, (iii) comparisons with government lists, (iv) customer notices or (v) other procedures required under the CIP Regulations or such other Laws. Regulations or such other Laws.

10.12 Agent for French Collateral Documents and Related Matters.

(a) Appointment. (i) For the avoidance of doubt, each Lender has appointed the Administrative Agent as its agent (*mandataire* within the meaning of Article 1984 of the French *Code Civil*), to act in its name and on its behalf under and in connection with the Loan Documents; and (ii) each Lender (acting in any capacity hereunder and thereunder) authorizes the Administrative Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Administrative Agent under or in connection with any Loan Document together with any other incidental rights, powers, authorities and discretions.

(b) Instructions. (i) The Administrative Agent shall:

(A) unless a contrary indication appears herein or therein, exercise or refrain from exercising any right, power, authority or discretion vested in it as Administrative Agent in accordance with any instructions given to it by the Lenders, acting in any capacity; and

(B) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with clause (A) above (and then only in the case of gross negligence or wilful misconduct of the Administrative Agent);

(ii) in the absence of instructions, the Administrative Agent may act (or refrain from acting) as it considers to be in the best interest of the Lenders; and (iii) the Administrative Agent is not authorized to act on behalf of a Lender, acting in any capacity hereunder or thereunder (without first obtaining that Lender's consent) in any legal or arbitration proceedings in France relating to the Loan Documents.

## 11. MISCELLANEOUS

11.1 Modifications, Amendments or Waivers. With the written consent of the Required Lenders, the Administrative Agent, acting on behalf of all the Lenders, and the Borrower, on behalf of the Loan Parties, may from time to time enter into written agreements amending or changing any provision of this Agreement or any other Loan Document or the rights of the Lenders or the Loan Parties hereunder or thereunder, or may grant written waivers or consents hereunder or thereunder. Any such agreement, waiver or consent made with such written consent shall be effective to bind all the Lenders and the Loan Parties; provided, that no such agreement, waiver or consent may be made which will:

11.1.1 Increase of Commitment. Increase the amount of the Revolving Credit Commitment of any Lender hereunder without the consent of such Lender;

11.1.2 Extension of Payment; Reduction of Principal, Interest or Fees; Modification of Terms of Payment. Whether or not any Loans are outstanding, extend the Expiration Date or the time for payment of principal or interest of any Loan (excluding the due date of any mandatory prepayment of a Loan), the Commitment Fee or any other fee payable to any Lender, or reduce the principal amount of or the rate of interest borne by any Loan or reduce the Commitment Fee or any other fee payable to any Lender, without the consent of each Lender directly affected thereby;

11.1.3 Release of Collateral or Guarantor. Except for releases authorized under Section 10.10 [Authorization to Release Collateral and Guarantors], release all or substantially all of the Collateral or any Guarantor from its Obligations under the Guaranty Agreement without the consent of all Lenders (other than Defaulting Lenders); or

11.1.4 Miscellaneous. Amend the definition of "Optional Currency" or Section 2.11.2(c) [Requests for Additional Optional Currencies], Section 2.12 [Extensions of the Expiration Date], Section 5.2 [Pro Rata Treatment of Lenders], Section 10.3 [Exculpatory Provisions] or Section 5.3 [Sharing of Payments by Lenders] or this Section 11.1, alter any

provision regarding the pro rata treatment of the Lenders or requiring all Lenders to authorize the taking of any action or reduce any percentage specified in the definition of Required Lenders, in each case without the consent of all of the Lenders (other than Defaulting Lenders);

provided that no agreement, waiver or consent which would modify the interests, rights or obligations of the Administrative Agent, the UK Security Trustee, the Spanish Security Agent, the Issuing Lender, or the Swing Loan Lender may be made without the written consent of the Administrative Agent, the UK Security Trustee, the Spanish Security Agent, the Issuing Lender or the Swing Loan Lender, as applicable, and provided, further that, if in connection with any proposed waiver, amendment or modification referred to in Sections 11.1.1 through 11.1.4 above, the consent of the Required Lenders is obtained but the consent of one or more of such other Lenders whose consent is required is not obtained (each a “Non-Consenting Lender”), then the Borrower shall have the right to replace any such Non-Consenting Lender with one or more replacement Lenders pursuant to Section 11.14 [Replacement of a Lender]. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender, and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender.

In addition, notwithstanding anything in this Section 11.1 to the contrary, if the Administrative Agent and the Borrower shall have jointly identified an obvious error or any error or omission of a technical nature, in each case, in any provision of the Loan Documents, then the Administrative Agent and the Borrower shall be permitted to amend such provision, and, in each case, such amendment shall become effective without any further action or consent of any other party to any Loan Document if the same is not objected to in writing by the Required Lenders to the Administrative Agent within five (5) Business Days following receipt of notice thereof.

11.2 No Implied Waivers; Cumulative Remedies. No course of dealing and no delay or failure of the Administrative Agent or any Lender in exercising any right, power, remedy or privilege under this Agreement or any other Loan Document shall affect any other or future exercise thereof or operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any further exercise thereof or of any other right, power, remedy or privilege. The rights and remedies of the Administrative Agent and the Lenders under this Agreement and any other Loan Documents are cumulative and not exclusive of any rights or remedies which they would otherwise have.

11.3 Expenses; Indemnity; Damage Waiver.

11.3.1 Costs and Expenses. The Borrower shall pay (i) all reasonable and invoiced out-of-pocket expenses incurred by the Administrative Agent (which, for the purposes of this Section 11.3, shall be deemed to include, if applicable, the Spanish Security Agent and the UK Security Trustee) and its Affiliates and the Arrangers (including the reasonable and invoiced fees, charges and disbursements of one firm of lead counsel and one firm of local counsel in each



applicable jurisdiction for the Administrative Agent and the Arrangers), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), including any notarial, registration and administrative fees and any stamp duties arising from the registration or other filings in connection with the foregoing, (ii) all reasonable and invoiced out-of-pocket expenses incurred by the Issuing Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder, and (iii) all reasonable and invoiced out-of-pocket expenses incurred by the Administrative Agent, any Lender or the Issuing Lender (including the fees, charges and disbursements of any counsel for the Administrative Agent, any Lender or the Issuing Lender) in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such reasonable and invoiced out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

11.3.2 Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and the Issuing Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable and invoiced fees, charges and disbursements of one firm of lead counsel for all Indemnitees taken as a whole, and one local counsel in each applicable jurisdiction for all Indemnitees taken as a whole and, in the event of any conflict of interest, one additional counsel of each type to each group of similarly affected Indemnitees) incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance or nonperformance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Issuing Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) breach of representations, warranties or covenants of the Borrower or any other Loan Party under the Loan Documents, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, including any such items or losses relating to or arising under Environmental Laws, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (a) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from (i) the gross negligence or willful misconduct of such Indemnitee or any of its Related Parties or (ii) a breach in bad faith of such Indemnitee's obligations (or those of its Related Parties) hereunder or under any other Loan Document or (b) have not resulted from any act or omission of the Borrower or any of its Subsidiaries and are being sought by an Indemnitee against another Indemnitee (other than any claims against the Administrative Agent in such capacity or in fulfilling its role as Administrative

Agent hereunder). This Section 11.3.2 [Indemnification by the Borrower] shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

11.3.3 Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under Sections 11.3.1 [Costs and Expenses] or 11.3.2 [Indemnification by the Borrower] to be paid by it to the Administrative Agent (or any sub-agent thereof), the Issuing Lender or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the Issuing Lender or such Related Party, as the case may be, such Lender's Ratable Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or the Issuing Lender in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or Issuing Lender in connection with such capacity.

11.3.4 Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Law, no party hereto shall assert, and the parties hereto hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof; provided that the provisions of this sentence (a) shall not be construed to limit the effect of Section 5.10 [Indemnity] or any other payment expressly provided for under the terms of this Agreement and (b) shall not limit the Borrower's indemnity and reimbursement obligations to the extent that such special, indirect, consequential or punitive damages are included in any claim by a third party unaffiliated with any party hereto with respect to which the applicable Indemnitee is entitled to indemnification under this Section 11.3. No Indemnitee referred to in Section 11.3.2 [Indemnification by Borrower] shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby, except to the extent such liability or damages are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

11.3.5 Payments. All amounts due under this Section shall be payable not later than ten (10) days after demand therefor.

11.4 Holidays. Whenever payment of a Loan to be made or taken hereunder shall be due on a day which is not a Business Day such payment shall be due on the next Business Day (except as provided in Section 4.2 [Interest Periods]) and such extension of time shall be included in computing interest and fees, except that the Loans shall be due on the Business Day preceding the Expiration Date if the Expiration Date is not a Business Day. Whenever any payment or action to be made or taken hereunder (other than payment of the Loans) shall be stated to be due on a day which is not a Business Day, such payment or action shall be made or taken on the next following

Business Day, and such extension of time shall not be included in computing interest or fees, if any, in connection with such payment or action.

11.5 Notices; Effectiveness; Electronic Communication.

11.5.1 Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 11.5.2 [Electronic Communications]), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier (i) if to a Lender, to it at its address set forth in its administrative questionnaire, or (ii) if to any other Person, to it at its address set forth on Schedule 1.1(B).

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in Section 11.5.2 [Electronic Communications], shall be effective as provided in such Section.

11.5.2 Electronic Communications. Notices and other communications to the Lenders and the Issuing Lender hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices to any Lender or the Issuing Lender if such Lender or the Issuing Lender, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Section by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

11.5.3 Change of Address, Etc. Any party hereto may change its address, e-mail address or telecopier number for notices and other communications hereunder by notice to the other parties hereto.

11.6 Severability. The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any

jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

11.7 Duration; Survival. All representations and warranties of the Loan Parties contained herein or made in connection herewith shall survive the execution and delivery of this Agreement and the completion of the transactions hereunder and shall continue in full force and effect until Payment In Full. All covenants and agreements of the Borrower contained herein relating to the payment of principal, interest, premiums, additional compensation or expenses and indemnification, including those set forth in the Notes, Section 5 [Payments] and Section 11.3 [Expenses; Indemnity; Damage Waiver], shall survive Payment In Full. All other covenants and agreements of the Loan Parties shall continue in full force and effect from and after the date hereof and until Payment In Full.

11.8 Successors and Assigns.

11.8.1 Successors and Assigns Generally. The provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns permitted hereby, except that neither the Borrower nor any other Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of Section 11.8.2 [Assignments by Lenders], (ii) by way of participation in accordance with the provisions of Section 11.8.4 [Participations], or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 11.8.5 [Certain Pledges; Successors and Assigns Generally] (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 11.8.4 [Participations] and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

11.8.2 Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(a) Minimum Amounts.

(i) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(ii) in any case not described in clause (a)(i) of this Section 11.8.2, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal

outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption Agreement with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption Agreement, as of the Trade Date) shall not be less than \$5,000,000, in the case of any assignment in respect of the Revolving Credit Commitment of the assigning Lender, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(b) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned.

(c) Required Consents. No consent shall be required for any assignment except to the extent required by Section 11.8.2(a)(ii) and except for the consent of the Administrative Agent (which shall not be unreasonably withheld or delayed) and, in addition:

(i) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (A) an Event of Default has occurred and is continuing at the time of such assignment or (B) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof; and

(ii) the consent of each of the Issuing Lender and the Swing Loan Lender (each such consent not to be unreasonably withheld or delayed) shall be required for any assignment that commences or increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding).

(d) Assignment and Assumption Agreement. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption Agreement, together with a processing and recordation fee of \$3,500, and the assignee, if it is not a Lender, shall deliver to the Administrative Agent an administrative questionnaire provided by the Administrative Agent.

(e) No Assignment to Borrower. No such assignment shall be made to the Borrower or any of the Borrower's Affiliates, Subsidiaries or agents.

(f) No Assignment to Defaulting Lender. No such assignment shall be made to a Defaulting Lender.

(g) No Assignment to Natural Persons. No such assignment shall be made to a natural person.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to Section 11.8.3 [Register], from and after the effective date specified in each Assignment and Assumption Agreement, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption Agreement, have the rights and obligations

of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption Agreement covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 4.4 [Rate Unascertainable; Etc.], 5.8 [Increased Costs], and 11.3 [Expenses, Indemnity; Damage Waiver] with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 11.8.2 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 11.8.4 [Participations].

If a Lender assigns or transfers any of its rights or obligations under this Agreement or changes its Lending Office, and as a result of circumstances existing at the date the assignment, transfer or change occurs, the Borrower would be obliged to make a payment to an assignee or transferee Lender or Lender acting through its new Lending Office under Section 5.9 [Taxes], then such Lender shall only be entitled to receive payment under those subsections to the same extent as the assignor or transferor Lender or Lender acting through its previous Lending Office would have been if the assignment, transfer or change had not occurred; provided, this paragraph shall not apply: (i) in respect of an assignment or transfer made in the ordinary course of the primary syndication of the Loans; or (ii) in relation to Section 5.9 [Taxes], to a UK Treaty Lender that has provided the Borrower in writing a confirmation of its scheme reference number and jurisdiction of tax residence in accordance with Section 5.9 [Taxes] if the Borrower has not made a UK DTTP Filing in respect of that Lender.

11.8.3 Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain a record of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time. Such register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is in such register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. Such register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

11.8.4 Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person or the Borrower or any of the Borrower's Affiliates, Subsidiaries or any agent of any of the foregoing or a Defaulting Lender) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Lenders, the Issuing Lender and the Swing Loan Lender shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree (other than as is already provided for herein) to any amendment, modification or waiver with respect to Sections 11.1.1 [Increase of Commitment], 11.1.2 [Extension of Payment, Etc.], or 11.1.3 [Release of Collateral or Guarantor] that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 4.4 [Rate Unascertainable, Etc.], 5.8 [Increased Costs], 5.10 [Indemnity] and 5.9 [Taxes] (subject to the requirements and limitations therein, including the requirements under Section 5.9.9 [Status of Lenders] (it being understood that the documentation required under Section 5.9.9 [Status of Lenders] shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 11.8.2 [Assignments by Lenders]; provided that such Participant (A) agrees to be subject to the provisions of Section 5.6.3 [Designation of a Different Lending Office] and Section 11.14 [Replacement of a Lender] and as if it were an assignee under Section 11.8.2 [Assignments by Lenders]; and (B) shall not be entitled to receive any greater payment under Sections 5.8 [Increased Costs] or 5.9 [Taxes], with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 5.6.3 [Designation of Different Lending Office] and Section 11.14 [Replacement of a Lender] with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.2.3 [Set-off] as though it were a Lender; provided that such Participant agrees to be subject to Section 5.3 [Sharing of Payments by Lenders] as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

11.8.5 Certain Pledges; Successors and Assigns Generally. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

## 11.9 Confidentiality.

11.9.1 General. Each of the Administrative Agent, the Lenders and the Issuing Lender agrees to maintain the confidentiality of the Information, except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and other representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Lender, the Issuing Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower or the other Loan Parties that is not, to the actual knowledge of the Person making disclosure (and with no such Person having any obligation to make any investigation in connection therewith), subject to contractual or fiduciary confidentiality obligations owing to the Borrower, its Subsidiaries or their respective representatives with respect to such information. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. Notwithstanding the foregoing, (A) none of the Administrative Agent, any Lender, an Issuing Lender, the Swing Loan Lender or any Related Party shall have any liability under this Section 11.9 [Confidentiality] unless its breach hereunder is determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from its gross negligence or willful misconduct, and (B) on and after the Closing Date, each Lender and the Arrangers shall be entitled to place (at their own expense) a so-called 'tombstone' advertisement in various publications and report the effectiveness of this Agreement and the credit facility contemplated hereby to league tables and similar services.

11.9.2 Sharing Information With Affiliates of the Lenders. Each Loan Party acknowledges that from time to time financial advisory, investment banking and other services may be offered or provided to the Borrower or one or more of its Affiliates (in connection with this Agreement or otherwise) by any Lender or by one or more Subsidiaries or Affiliates of such Lender and each of the Loan Parties hereby authorizes each Lender to share any information delivered to such Lender by such Loan Party and its Subsidiaries pursuant to this Agreement to any such Subsidiary or Affiliate subject to the provisions of Section 11.9.1 [General].



11.10 Counterparts; Integration; Effectiveness.

11.10.1 Counterparts; Integration; Effectiveness. This Agreement and each of the other Loan Documents may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract; provided that such execution in counterparts shall not be used for any Loan Document (or any certificate delivered hereunder or thereunder) if the effectiveness or validity thereof would be impaired, limited or otherwise adversely affected under the Law that governs or is otherwise applicable to such Loan Document or certificate or the party executing same (the provisions of this proviso being the “Counterpart Exception”). This Agreement and the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof including any prior confidentiality agreements and commitments. Except as provided in Section 7 [Conditions of Lending and Issuance of Letters of Credit], this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement or, subject to the Counterpart Exception, any other Loan Document, or any certificate delivered hereunder or thereunder, by telecopy or e-mail shall be effective as delivery of a manually executed counterpart of this Agreement or, subject to the Counterpart Exception, such other Loan Document or certificate.

11.11 CHOICE OF LAW; SUBMISSION TO JURISDICTION; WAIVER OF VENUE; SERVICE OF PROCESS; WAIVER OF JURY TRIAL.

11.11.1 Governing Law. Except as provided in Section 12.27 [Section 12 Governing Law] below, this Agreement shall be deemed to be a contract under the Laws of the State of New York without regard to its conflict of laws principles. Each standby Letter of Credit issued under this Agreement shall be subject either to the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce (the “ICC”) at the time of issuance (“UCP”) or the rules of the International Standby Practices (ICC Publication Number 590) (“ISP98”), as determined by the Issuing Lender, and each trade Letter of Credit shall be subject to UCP, and in each case to the extent not inconsistent therewith, the Laws of the State of New York without regard to its conflict of laws principles.

11.11.2 SUBMISSION TO JURISDICTION. THE BORROWER AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE

FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, ANY LENDER OR THE ISSUING LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE BORROWER OR ANY OTHER LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

11.11.3 WAIVER OF VENUE. THE BORROWER AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN THIS SECTION 11.11. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT AND AGREES NOT ASSERT ANY SUCH DEFENSE.

11.11.4 SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 11.5 [NOTICES; EFFECTIVENESS; ELECTRONIC COMMUNICATION]. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

Without limiting the terms or effectiveness of any of the preceding provisions of this Section 11.11.4, each of the Borrower, Grupo, FerroAtlántica and FerroPem hereby irrevocably designates, appoints and empowers Globe, at its address from time to time in effect under Section 11.5 [Notices; Effectiveness; Electronic Communication], as its designee, appointee and agent to receive, accept and acknowledge for and on its behalf, and in respect of its property, service of any and all legal process, summon, notices and documents which may be served in any such action or proceeding. If for any reason such designee, appointee and agent shall cease to be available to act as such, each of the Borrower, Grupo, FerroAtlántica and FerroPem agrees to designate a new designee, appointee and agent in the United States of America on the terms and for the purposes of this provision reasonably satisfactory to the Administrative Agent.

11.11.5 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, ADMINISTRATIVE AGENT OR ATTORNEY OF ANY OTHER PERSON HAS

REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

11.12 USA PATRIOT Act Notice. Each Lender that is subject to the USA PATRIOT Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies Loan Parties that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies the Loan Parties, which information includes the name and address of Loan Parties and other information that will allow such Lender or Administrative Agent, as applicable, to identify the Loan Parties in accordance with the USA PATRIOT Act.

11.13 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and
- (b) the effects of any Bail-in Action on any such liability, including, if applicable:
  - (i) a reduction in full or in part or cancellation of any such liability;
  - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
  - (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

11.14 Replacement of a Lender. In the event any Lender (i) is a Lender to be Terminated under Section 2.12.3 [Approval by Required Lenders], (ii) requests compensation under Section 5.8 [Increased Costs], or requires the Borrower to pay any additional amount to any Lender or any Official Body for the account of any Lender pursuant to Section 5.9 [Taxes], (iii) is a Defaulting Lender, (iv) becomes subject to the control of an Official Body (other than normal and customary supervision), (v) is a Non-Consenting Lender referred to in Section 11.1 [Modifications, Amendments or Waivers], or (vi) rejects a request from the Borrower, accepted by the Administrative Agent and the Required Lenders, to permit a Revolving Credit Loan to be made in an additional optional currency pursuant to Section 2.11.2(c) [Requests for Additional Optional

Currencies], then in any such event the Borrower may, at the sole expense of the Borrower, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.8 [Successors and Assigns]), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(a) the Borrower shall have paid to the Administrative Agent the assignment fee specified in Section 11.8 [Successors and Assigns];

(b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and Participation Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 5.10 [Indemnity]) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 5.8.1 [Increased Costs Generally] or payments required to be made pursuant to Section 5.9 [Taxes], such assignment will result in a reduction in such compensation or payments thereafter;

(d) such assignment does not conflict with applicable Law; and

(e) in the case of an assignment resulting from a Lender becoming a Non- Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

## 12. THE UK SECURITY TRUSTEE

### 12.1 UK Security Trustee as Trustee

(a) Each of the Lenders and the Issuing Lender hereby irrevocably appoints PNC to act on its behalf as the UK Security Trustee under the Loan Documents.

(b) The UK Security Trustee declares that it holds the UK Collateral on trust for itself, the Administrative Agent, the Issuing Bank and the Lenders (collectively, and together with the Spanish Security Agent, the "Secured Parties") on the terms contained in this Agreement.

(c) Each of the Secured Parties authorizes the UK Security Trustee to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the UK Security Trustee under or in connection with the Loan Documents together with any other incidental rights, powers, authorities and discretions.

(d) To the extent only that the security trust established by this Section 12 is not effective to confer the benefit of the UK Collateral upon any Secured Party, the UK Security Trustee shall act as security agent, and not as security trustee, for the relevant Secured Party in respect of the UK Collateral.

12.2 Enforcement through UK Security Trustee only. The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the UK Collateral or to exercise any right, power, authority or discretion arising under the UK Collateral Documents except through the UK Security Trustee.

### 12.3 Instructions

(a) The UK Security Trustee shall:

(i) subject to paragraphs (c) and (d) below, exercise or refrain from exercising any right, power, authority or discretion vested in it as UK Security Trustee in accordance with any instructions given to it by the Administrative Agent; and

(ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with sub-paragraph (i) above.

(b) The UK Security Trustee shall be entitled to request instructions, or clarification of any instruction, from the Administrative Agent as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the UK Security Trustee may refrain from acting unless and until it receives those instructions or that clarification.

(c) Paragraph (a) above shall not apply:

(i) where a contrary indication appears in this Agreement;

(ii) where this Agreement requires the UK Security Trustee to act in a specified manner or to take a specified action;

or

(iii) in respect of any provision which protects the UK Security Trustee's own position in its personal capacity as opposed to its role of UK Security Trustee for the Secured Parties including, without limitation, Section 12.6 to Section 12.11, Section 12.14 to Section 12.19 and Section 12.22 to Section 12.26;

(d) In exercising any discretion to exercise a right, power or authority under the Loan Documents where either:

(i) it has not received any instructions as to the exercise of that discretion; or

(ii) the exercise of that discretion is subject to sub-paragraph (c)(iii) above,

the UK Security Trustee shall do so having regard to the interests of all the Secured Parties.

(e) The UK Security Trustee may refrain from acting in accordance with any instructions of the Administrative Agent or any group of Secured Parties until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Loan Documents and which may include payment in advance) for any cost, loss or liability (together with any applicable value added tax) which it may incur in complying with those instructions.

(f) Without prejudice to the provisions of the remainder of this Section 12.3, in the absence of instructions, the UK Security Trustee may act (or refrain from acting) as it considers in its discretion to be appropriate.

(g) At any time after receipt by the UK Security Trustee of notice from the Administrative Agent directing the UK Security Trustee to exercise all or any of its rights, remedies, powers or discretions under any of the Loan Documents, the UK Security Trustee may, and shall if so directed by the Administrative Agent, take any action as in its sole discretion it thinks fit to enforce the UK Collateral.

(h) The Secured Parties shall not have any independent power to enforce or have recourse to, any of the UK Collateral or to exercise any right, power, authority or discretion arising under the UK Collateral Documents except through the UK Security Trustee.

#### 12.4 Duties of the UK Security Trustee

(a) The UK Security Trustee's duties under the Loan Documents are solely mechanical and administrative in nature.

(b) The UK Security Trustee shall promptly forward to the Administrative Agent a copy of any document received by the UK Security Trustee from the Borrower under any Loan Document.

(c) The UK Security Trustee is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another party.

(d) If the UK Security Trustee receives notice from a party referring to any Loan Document, describing a Potential Default or Event of Default and stating that the circumstance described is a Potential Default or Event of Default, it shall promptly notify the Administrative Agent.

(e) The UK Security Trustee shall have only those duties, obligations and responsibilities expressly specified in the Loan Documents to which it is expressed to be a party (and no others shall be implied).

(f) The UK Security Trustee shall be under no obligation to enquire, object, investigate, monitor, supervise or assess the value or title of the UK Collateral.

12.5 No Fiduciary Duties to the Borrower. Nothing in this Agreement constitutes the UK Security Trustee as an agent, trustee or fiduciary of the Borrower or any of its Subsidiaries.

12.6 No Duty to Account. The UK Security Trustee shall not be bound to account to any other Lender for any sum or the profit element of any sum received by it for its own account.

12.7 Business with the Borrower and its Subsidiaries. The UK Security Trustee may accept deposits from, lend money to and generally engage in any kind of banking or other business with the Borrower and its Subsidiaries.

12.8 Rights and Discretions.

(a) The UK Security Trustee may:

(i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorized;

(ii) assume that:

(A) any instructions received by it from the Administrative Agent, any Secured Parties or any group of Secured Parties are duly given in accordance with the terms of the Loan Documents;

(B) unless it has received notice of revocation, that those instructions have not been revoked; and

(C) if it receives any instructions to act in relation to the UK Collateral, that all applicable conditions under the Loan Documents for so acting have been satisfied; and

(iii) rely on a certificate from any person:

(A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or

(B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.

(b) The UK Security Trustee shall be entitled to carry out all dealings with the Secured Parties through the Administrative Agent and may give to the Administrative Agent any notice or other communication required to be given by the UK Security Trustee to the Secured Parties.

(c) The UK Security Trustee may assume (unless it has received notice to the contrary in its capacity as security trustee for the Secured Parties) that:

(i) no Potential Default or Event of Default has occurred; and

(ii) any right, power, authority or discretion vested in any party, any Secured Parties or any group of Secured Parties has not been exercised.

(d) The UK Security Trustee may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.

(e) Without prejudice to the generality of paragraph (d) above or paragraph (f) below, the UK Security Trustee may at any time engage and pay for the services of any lawyers to act as independent counsel to the UK Security Trustee (and so separate from any lawyers instructed by any other Lender) if the UK Security Trustee in its reasonable opinion deems this to be desirable.

(f) The UK Security Trustee may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the UK Security Trustee or by any other party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.

(g) The UK Security Trustee, any receiver and any delegate may act in relation to the Loan Documents and the UK Collateral through its officers, employees and agents and shall not:

(i) be liable for any error of judgment made by any such person; or

(ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part of any such person,

unless such error or such loss was directly caused by the UK Security Trustee's, receiver's or delegate's gross negligence or willful misconduct.

(h) Unless this Agreement expressly specifies otherwise, the UK Security Trustee may disclose to any other party any information it reasonably believes it has received as security trustee under this Agreement.

(i) Notwithstanding any other provision of any Loan Document to the contrary, the UK Security Trustee is not obliged to do or omit to do anything if it would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of any fiduciary duty or duty of confidentiality.

(j) Notwithstanding any provision of any Loan Document to the contrary, the UK Security Trustee is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

12.9 Responsibility for Documentation. None of the UK Security Trustee, any receiver nor any delegate is responsible or liable for:

(a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the UK Security Trustee, the Borrower or any other person in or in connection with any Loan Document or the transactions contemplated in the Loan Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document;



(b) the legality, validity, effectiveness, adequacy or enforceability of any Loan Document, the UK Collateral or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document or the UK Collateral; or

(c) any determination as to whether any information provided or to be provided to any Lender is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

12.10 No Duty to Monitor. The UK Security Trustee shall not be bound to enquire:

- (a) whether or not any Potential Default or Event of Default has occurred;
- (b) as to the performance, default or any breach by any party of its obligations under any Loan Document; or
- (c) whether any other event specified in any Loan Document has occurred.

12.11 Exclusion of Liability.

(a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Loan Document excluding or limiting the liability of the UK Security Trustee, any receiver or delegate), none of the UK Security Trustee, any receiver nor any delegate will be liable for:

(i) any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Loan Document or the UK Collateral unless directly caused by its gross negligence or wilful misconduct;

(ii) exercising or not exercising any right, power, authority or discretion given to it by or in connection with any Loan Document, the UK Collateral or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Loan Document or the UK Collateral;

(iii) any shortfall which arises on the enforcement or realization of the UK Collateral; or

(iv) without prejudice to the generality of sub-paragraphs (i) to (ii) above, any damages, costs, losses, any diminution in value or any liability whatsoever arising as a result of (A) any act, event or circumstance not reasonably within its control or (B) the general risks of investment in, or the holding of assets in, any jurisdiction,

including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of: nationalization, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets; breakdown, failure or malfunction of any third party transport, telecommunications, computer services or

systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.

(b) No Party (other than the UK Security Trustee, that receiver or that delegate (as applicable)) may take any proceedings against any officer, employee or agent of the UK Security Trustee, a receiver or a delegate in respect of any claim it might have against the UK Security Trustee, a receiver or a delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Loan Document or any UK Collateral.

(c) Nothing in this Agreement shall oblige the UK Security Trustee to carry out (i) any "know your customer" or other checks in relation to any person or (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Lender (other than the UK Security Trustee), on behalf of any Lender (other than the UK Security Trustee) and each Lender (other than the UK Security Trustee) confirms to the UK Security Trustee that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the UK Security Trustee.

(d) Without prejudice to any provision of any Loan Document excluding or limiting the liability of the UK Security Trustee, any receiver or delegate, any liability of the UK Security Trustee, any receiver or delegate arising under or in connection with any Loan Document or the UK Collateral shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the UK Security Trustee, receiver or delegate (as the case may be) or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the UK Security Trustee, receiver or delegate (as the case may be) at any time which increase the amount of that loss. In no event shall the UK Security Trustee, any receiver or delegate be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the UK Security Trustee, receiver or delegate (as the case may be) has been advised of the possibility of such loss or damages.

#### 12.12 Secured Parties' indemnity to the UK Security Trustee

(a) Each Lender shall in proportion to its Ratable Share, indemnify the UK Security Trustee and every receiver and every delegate, within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the relevant UK Security Trustee's, receiver's or delegate's gross negligence or wilful misconduct) in acting as UK Security Trustee, receiver or delegate under, or exercising any authority conferred under, the Loan Documents (unless the relevant UK Security Trustee, receiver or delegate has been reimbursed by the Borrower pursuant to a Loan Document).

(b) Subject to paragraph (c) below, the Borrower shall, within three (3) Business Days following demand, reimburse any Lender for any payment that Lender makes to the UK Security Trustee pursuant to paragraph (a) above.

(c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the UK Security Trustee to the Borrower.

#### 12.13 Resignation of the UK Security Trustee

(a) The UK Security Trustee may resign and be replaced in accordance with the terms of Section 10.6 as if that Section referred to the UK Security Trustee instead of the Administrative Agent and appoint one of its Affiliates as successor by giving notice to the other Parties (or to the Administrative Agent on their behalf).

(b) The retiring UK Security Trustee shall, at its own cost, make available to the successor UK Security Trustee such documents and records and provide such assistance as the successor UK Security Trustee may reasonably request for the purposes of performing its functions as UK Security Trustee under the Loan Documents. The Borrower shall, within three Business Days of demand, reimburse the retiring UK Security Trustee for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.

(c) The UK Security Trustee's resignation notice shall only take effect upon (i) the appointment of a successor and (ii) the transfer of all the UK Collateral to that successor.

(d) Upon the appointment of a successor, the retiring UK Security Trustee shall be discharged from any further obligation in respect of the Loan Documents (other than its obligations under paragraph (b) of Section 12.23 and paragraph (b) above) but shall remain entitled to the benefit of this Section 12. Any successor and each of the other parties shall have the same rights and obligations amongst themselves as they would have had if that successor had been an original party.

#### 12.14 Confidentiality.

(a) In acting as trustee for the Secured Parties, the UK Security Trustee shall be regarded as acting through its trustee division which shall be treated as a separate entity from any of its other divisions or departments.

(b) If information is received by another division or department of the UK Security Trustee, it may be treated as confidential to that division or department and the UK Security Trustee shall not be deemed to have notice of it.

(c) Notwithstanding any other provision of any Loan Document to the contrary, the UK Security Trustee is not obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of any fiduciary duty.

12.15 Information from the Secured Parties. Each Lender shall supply the UK Security Trustee with any information that the UK Security Trustee may reasonably specify as being necessary or desirable to enable the UK Security Trustee to perform its functions as UK Security Trustee.

12.16 Credit Appraisal by the Lenders. Without affecting the responsibility of the Borrower or any Subsidiary for information supplied by it or on its behalf in connection with any Loan Document, each Lender confirms to the UK Security Trustee that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Loan Document including but not limited to:

- (a) the financial condition, status and nature of the Borrower and its Subsidiaries;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Loan Document, the UK Collateral and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document or the UK Collateral;
- (c) whether that Lender has recourse, and the nature and extent of that recourse, against any party or any of its respective assets under or in connection with any Loan Document, the UK Collateral, the transactions contemplated by the Loan Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document or the UK Collateral;
- (d) the adequacy, accuracy or completeness of any information provided by the UK Security Trustee, any party or by any other person under or in connection with any Loan Document, the transactions contemplated by any Loan Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document; and
- (e) the right or title of any person in or to, or the value or sufficiency of any part of the UK Collateral, the priority of any of the UK Collateral or the existence of any Lien affecting the UK Collateral.

12.17 No responsibility to perfect UK Collateral. The UK Security Trustee shall not be liable for any failure to:

- (a) require the deposit with it of any deed or document certifying, representing or constituting the title of the Borrower or any Subsidiary to any of the UK Collateral;
- (b) obtain any license, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any Loan Document or the UK Collateral;
- (c) register, file or record or otherwise protect any of the UK Collateral (or the priority of any of the UK Collateral) under any law or regulation or to give notice to any person of the execution of any Loan Document or of the UK Collateral;
- (d) take, or to require the Borrower or any Subsidiary to take, any step to perfect its title to any of the UK Collateral or to render the UK Collateral effective or to secure the creation of any ancillary Liens under any law or regulation; or
- (e) require any further assurance in relation to any UK Collateral Document.

#### 12.18 Insurance by UK Security Trustee

(a) The UK Security Trustee shall not be obliged (i) to insure any of the UK Collateral, (ii) to require any other person to maintain any insurance, or (iii) to verify any obligation to arrange or maintain insurance contained in any Loan Document, and the UK Security Trustee shall not be liable for any damages, costs or losses to any person as a result of the lack of, or inadequacy of, any such insurance.

(b) Where the UK Security Trustee is named on any insurance policy as an insured party, it shall not be liable for any damages, costs or losses to any person as a result of its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Administrative Agent requests it to do so in writing and the UK Security Trustee fails to do so within fourteen days after receipt of that request.

12.19 Custodians and nominees. The UK Security Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to any asset of the trust as the UK Security Trustee may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the UK Security Trustee shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

#### 12.20 Delegation by the UK Security Trustee

(a) Each of the UK Security Trustee, any receiver and any delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any right, power, authority or discretion vested in it in its capacity as such.

(b) That delegation may be made upon any terms and conditions (including the power to sub-delegate) and subject to any restrictions that the UK Security Trustee, that receiver or that delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties.

(c) No UK Security Trustee, receiver or delegate shall be bound to supervise, or be in any way responsible for any damages, costs or losses incurred by reason of any misconduct, omission or default on the part of, any such delegate or sub-delegate.

#### 12.21 Additional UK Security Trustees

(a) The UK Security Trustee may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it (i) if it considers that appointment to be in the interests of the Secured Parties, (ii) for the purposes of conforming to any legal requirement, restriction or condition which the UK Security Trustee deems to be relevant, or (iii) for obtaining or enforcing any judgment in any jurisdiction, and the UK Security Trustee shall give prior notice to the Borrower and the Secured Parties of that appointment.

(b) Any person so appointed shall have the rights, powers, authorities and discretions (not exceeding those given to the UK Security Trustee under or in connection with the Loan

Documents) and the duties, obligations and responsibilities that are given or imposed by the instrument of appointment.

(c) The remuneration that the UK Security Trustee may pay to that person, and any costs and expenses (together with any applicable value added tax) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the UK Security Trustee.

12.22 Acceptance of title. The UK Security Trustee shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that the Borrower or any Subsidiary may have to any of the UK Collateral and shall not be liable for, or bound to require the Borrower or any Subsidiary to remedy, any defect in its right or title.

12.23 Winding up of trust

If the UK Security Trustee, with the approval of the Required Lenders, determines that:

(a) all of the Obligations and all other obligations secured by the UK Collateral Documents have been fully and finally discharged; and

(b) no Lender or Issuing Bank is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to the Borrower pursuant to the Loan Documents,

then:

(i) the trusts set out in this Agreement shall be wound up and the UK Security Trustee shall release, without recourse or warranty, all of the UK Collateral and the rights of the UK Security Trustee under each of the UK Collateral Documents; and

(ii) any UK Security Trustee which has resigned pursuant to Section 12.13 shall release, without recourse or warranty, all of its rights under each UK Collateral Document.

12.24 Releases. The UK Security Trustee shall (at the cost of the Borrower) release any UK Collateral on the instructions of the Administrative Agent.

12.25 Powers supplemental to Trustee Acts. The rights, powers, authorities and discretions given to the UK Security Trustee under or in connection with the Loan Documents shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the UK Security Trustee by law or regulation or otherwise.

12.26 Disapplication of Trustee Acts. Section 1 of the Trustee Act 2000 shall not apply to the duties of the UK Security Trustee in relation to the trusts constituted by this Agreement. Where there are any inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 and the provisions of this Agreement, the provisions of this Agreement shall, to the extent permitted by law and regulation, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

12.27 Section 12 Governing Law. This Section 12 shall be governed by English law.

### 13. THE SPANISH SECURITY AGENT

13.1 Appointment of the Spanish Security Agent. Each of the Lenders authorizes the Spanish Security Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Spanish Security Agent under or in connection with any of the Spanish Collateral Documents, together with any other incidental rights, powers, authorities and discretions.

13.2 Power of Attorney. Each Lender, at the request of the Spanish Security Agent, undertakes to grant notarized and apostilled powers of attorney for the benefit of the Spanish Security Agent, which might be necessary or convenient for the Spanish Security Agent to exercise any right, power, authority or discretion given to the Spanish Security Agent under this Agreement (including for the enforcement of the Spanish Collateral Documents) or under any Loan Documents (including in to the extent necessary or convenient in an enforcement proceeding) and undertakes to execute any documents, power of attorney or instrument including any Spanish public document required to be executed in the exercise by the Spanish Security Agent of such rights, power, authority or discretions.

#### 13.3 Duties of the Spanish Security Agent

(a) The Spanish Security Agent shall act as the agent and attorney (*apoderado*) of each Lender in connection with the notarization and ratification of any Loan Document into a Spanish public document. Accordingly, the Spanish Security Agent is hereby expressly and irrevocably authorised by and on behalf of each Lender to enter into, enforce the rights of each Lender under and represent each Lender in respect of the granting of a Spanish public document in accordance with the terms of this Agreement.

(b) Each Secured Party (other than the Spanish Security Agent) hereby irrevocably authorises and empowers the Spanish Security Agent (with the express power to self-contract (*autocontratar*)) to act on its behalf and if required under applicable Law, or if otherwise appropriate, in its name and on its behalf in connection with (i) the notarization into Spanish public document of this Agreement and any of the Loan Documents and (ii) the acceptance, taking, notarization, execution, enforcement and delivery of any Spanish Collateral Documents on behalf of the Lenders, including but not limited to, any share pledge, pledge of credit rights or bank accounts, mortgage, non-possessory pledge or assignment or transfer of title for security purposes.

(c) The Spanish Security Agent is authorised and empowered to take all actions necessary or appropriate in connection with the foregoing duties and collect all amounts or assets payable or deliverable to any Secured Party under the Spanish Collateral Documents, in respect of any enforcement thereof, and the Spanish Security Agent shall thereafter distribute any such amounts or assets due or delivered to the Lenders in accordance with the provisions of the Loan Documents. Each Lender authorizes and irrevocably empowers the Spanish Security Agent with the express authorization to self-contract (*autocontratar*) to exercise the rights, powers, authorities and discretions specifically given to the Spanish Security Agent under or in connection with the Loan Documents together with any other incidental rights, powers, authorities and discretions as

each Lenders' irrevocable special agent (*mandatario especial irrevocable*) and attorney (*apoderado*).

(d) In relation to the Spanish Collateral Documents, the Spanish Security Agent shall be authorised and entitled to accept, administer, enforce or realise any such Spanish Collateral Documents (i) in its own name as security agent for the benefit of the Lenders, as secured parties under the Spanish Collateral Documents or (ii) on behalf of the Lenders.

13.4 No fiduciary duties. Nothing in this Agreement constitutes the Spanish Security Agent as a trustee or fiduciary of any other person.

13.5 Instructions to Spanish Security Agent and Exercise of Discretion.

(a) The Spanish Security Agent shall act in accordance with any instructions given to it by the Lenders or, if so instructed by the Lenders, refrain from exercising any right, power, authority or discretion vested in it as Spanish Security Agent and shall be entitled to assume that (i) any instructions received by it from the Lenders or a group of Lenders are duly given in accordance with the terms of the relevant Loan Documents and (ii) unless it has received actual notice of revocation, that those instructions or directions have not been revoked.

(b) The Spanish Security Agent shall be entitled to request instructions, or clarification of any direction, from the Lenders as to whether, and in what manner, it should exercise or refrain from exercising any rights, powers, authorities and discretions and the Spanish Security Agent may refrain from acting unless and until those instructions or clarification are satisfactorily received by it. .

13.6 No Responsibility to perfect security. The Spanish Security Agent shall not be liable for any failure to:

(a) require the deposit with it of any deed or document certifying, representing or constituting the title of the Borrower or the Loan Parties to the Spanish Collateral Documents;

(b) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any of the Spanish Collateral Documents;

(c) register, file or record or otherwise protect any of the Spanish Collateral Documents (or the priority of any of the Spanish Collateral Documents) under any applicable Laws in any jurisdiction or to give notice to any person of the execution of any of the Loan Documents or of the Spanish Collateral Documents;

(d) take, or to require the Borrower or any of the Loan Parties and any grantor of Spanish Collateral Documents to take any steps to perfect its title to any of the Spanish Collateral Documents; or

(e) require any further assurances in relation to any of the Spanish Collateral Documents.



13.7 Spanish Security Agent's Actions. The Spanish Security Agent may (but shall not be obliged to), in the absence of any instructions to the contrary, take such action in the exercise of any of its powers and duties under this Agreement or the Spanish Collateral Documents as it considers in its discretion to be appropriate.

13.8 Spanish Security Agent's Discretions. The Spanish Security Agent may:

(a) assume (unless it has received actual notice to the contrary from the Administrative Agent) that (i) no Event of Default has occurred or that any Loan Party is in breach of or default under its obligations under this Agreement or any of the Loan Documents and (ii) any right, power, authority or discretion vested by any Loan Document in any person has not been exercised;

(b) engage, pay for and rely on the advice or services of any legal advisers, accountants, tax advisers, surveyors or other experts (whether obtained by the Spanish Security Agent or by any other Secured Party) whose advice or services may at any time seem necessary, expedient or desirable in connection with its role as Spanish Security Agent, at no cost for the Spanish Security Agent;

(c) rely upon any communication or document believed by it to be genuine and, as to any matters of fact which might reasonably be expected to be within the knowledge of a Secured Party; and

(d) refrain from acting in accordance with the instructions of any Secured Party (including bringing any legal action or proceeding arising out of or in connection with this Agreement or any Spanish Collateral Documents) until it has received any indemnification and/or security that it may in its discretion require (whether by way of payment in advance or otherwise) for all costs, losses and liabilities which it may incur in so acting.

13.9 Spanish Security Agent's Obligations. The Spanish Security Agent shall promptly:

(a) copy to the Administrative Agent the contents of any notice or document received by it from any of the Loan Parties;

(b) inform the Administrative Agent of the occurrence of any Event of Default or any default by any of the Loan Parties in the due performance of or compliance with its obligations under this Agreement or any Spanish Collateral Documents of which the Spanish Security Agent has received notice.

13.10 Excluded Obligations. Notwithstanding anything to the contrary expressed or implied in the Loan Documents, the Spanish Security Agent shall not:

(a) be bound to enquire as to (i) whether or not any Event of Default has occurred or (ii) the performance, default or any breach by any of the Loan Parties of its obligations under any of the Loan Documents;

(b) be bound to disclose to any other person (including but not limited to any Secured Party) (i) any confidential information or (ii) any other information if disclosure would, or might

in its reasonable opinion, constitute a breach of any applicable law or be a breach of fiduciary duty; or

- (c) have or be deemed to have any relationship of trust or agency with any of the Loan Parties.

13.11 Exclusion of Liability. The Spanish Security Agent shall not accept responsibility or be liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Spanish Security Agent or any other person in or in connection with this Agreement or any of the Spanish Collateral Documents or the transactions contemplated in the Loan Documents, or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document;

- (b) the legality, validity, effectiveness, adequacy or enforceability of this Agreement or any of the Spanish Collateral Documents, or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document;

- (c) any losses to any person or any liability arising as a result of taking or refraining from taking any action in relation to this Agreement or any of the Spanish Collateral Documents, whether in accordance with an instruction or otherwise unless directly caused by its gross negligence or willful misconduct;

- (d) the exercise of, or the failure to exercise, any judgment, discretion or power given to it by or in connection with this Agreement or any of the Spanish Collateral Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, this Agreement or any of the Spanish Collateral Documents; or

- (e) any shortfall which arises on the enforcement or realisation of the Spanish Collateral Documents.

13.12 Own Responsibility. Each Secured Party confirms to the Spanish Security Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Loan Document including but not limited to:

- (a) the financial condition, status and nature of the Borrower or any Loan Party;

- (b) the legality, validity, effectiveness, adequacy and enforceability of any Loan Document, the Spanish Collateral Documents and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document;

- (c) the adequacy, accuracy and/or completeness of any information provided by the Spanish Security Agent or by any other person under or in connection with any Loan Document, the Spanish Collateral Documents or the transactions contemplated by any or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Loan Document;

(d) the right or title of any person in or to, or the value or sufficiency of any part of the Spanish Collateral Documents; and

(e) and each Secured Party warrants to the Spanish Security Agent that it has not relied on and will not at any time rely on the Spanish Security Agent in respect of any of these matters.

13.13 Acceptance of Title. The Spanish Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any of the Loan Parties may have to on the collateral constituted by the Spanish Collateral Documents and shall not be liable for or bound to require any Loan Party to remedy any defect in its right or title.

13.14 Release of rights. If the Spanish Security Agent determines that (a) it is authorized pursuant to the provisions of Section 10.10 [Authorization to Release Collateral and Guarantors], or (b)(i) all of the Obligations and all other obligations secured by the Spanish Collateral Documents have been fully and finally discharged and (ii) none of the Secured Parties is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to the Borrower pursuant to the Loan Documents, then the Spanish Security Agent shall release, without recourse or warranty, all of the Spanish Collateral Documents and the rights of the Spanish Security Agent under each of the Spanish Collateral Documents.

[No additional provisions are on this page; the page next following is a signature page.]

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed this Agreement as of the day and year first above written.

**FERROGLOBE PLC**, a public limited company  
organized under the laws of England and Wales

By: /s/ Pedro Larrea

Name: Pedro Larrea

Title: CEO

---

**GLOBE SPECIALTY METALS,  
INC** a Delaware corporation

By: /s/ Brian D'Amico  
Name: Brian D'Amico  
Title: Vice President and Secretary

[Signature Page to Credit Agreement]

---

**ALABAMA SAND AND GRAVEL, INC.,**  
a Delaware corporation

**ALDEN RESOURCES LLC,** a Delaware  
limited liability company

**ALDEN SALES CORP, LLC,** a Delaware  
limited liability company

**ARL RESOURCES, LLC,** a Delaware  
limited liability company

**ARL SERVICES, LLC,** a Delaware  
limited liability company

**CORE METALS GROUP LLC,** a  
Delaware limited liability company

**CORE METALS GROUP HOLDINGS  
LLC,** a Delaware limited liability company

**GATLIFF SERVICES, LLC,** a Delaware  
limited liability company

**GLOBE METALLURGICAL, INC.,** a  
Delaware corporation

**GSM SALES, INC.,** a Delaware  
corporation

**METALLURGICAL PROCESS  
MATERIALS, LLC,** a Delaware limited  
liability company

**NORCHEM, INC.,** a Florida corporation

**TENNESSEE ALLOYS COMPANY,  
LLC.** a Delaware limited liability company

By: /s/ Joseph Ragan  
Name: Joseph Ragan  
Title: Vice President and Treasurer

**GRUPO FERROATLÁNTICA, S.A.U.**, a  
company incorporated under the laws of  
Spain

By: /s/ Oscar Robles Alvarez  
Name: Oscar Robles Alvarez  
Title: Deputy Chief Financial Officer

**FERROATLÁNTICA, S.A.U.**, a company  
incorporated under the laws of Spain

By: /s/ Oscar Robles Alvarez  
Name: Oscar Robles Alvarez  
Title: Deputy Chief Financial Officer

**FERROPEM, S.A.S.**, a French Société par  
actions simplifiée

By: /s/ Oscar Robles Alvarez  
Name: Oscar Robles Alvarez  
Title: Deputy Chief Financial Officer

[Signature Page to Credit Agreement]

---

ADMINISTRATIVE AGENT, ISSUING LENDER AND  
LENDERS

---

PNC BANK, NATIONAL ASSOCIATION, as  
Administrative Agent, Spanish Security Agent, UK  
Security Trustee, Issuing Lender, Swing Loan Lender and a  
Lender

By: /s/ Mahir J. Desai

---

Name: Mahir J. Desai

Title: Vice President

UK treaty scheme reference number: 13/P/63904/DTTP  
Tax residency: United States of America

CITIZENS BANK OF PENNSYLVANIA, as Issuing  
Lender for Existing Letters of Credit and a Lender

By:

Name

Title:

UK treaty scheme reference number: MEIUS1L021669/DTTP  
Tax residency: United States of America

---



ADMINISTRATIVE AGENT, ISSUING LENDERS AND  
LENDERS

---

PNC BANK, NATIONAL ASSOCIATION, as  
Administrative Agent, Spanish Security Agent, UK  
Security Trustee, Issuing Lender, Swing Loan Lender and a  
Lender

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title:

UK treaty scheme reference number: 13/P/63904/DTTP  
Tax residency: United States of America

CITIZENS BANK OF PENNSYLVANIA, as Issuing  
Lender for Existing Letters of Credit and a Lender

By: /s/Allen Paul Dawley, Jr.

Name: Allen Paul Dawley, Jr.

Title: Vice President

UK treaty scheme reference number: 13/C/357538/DTTP  
Tax residency: United States of America

---

BMO HARRIS BANK N.A., as a Lender

By: /s/ Patrick Hartweger  
Name: Patrick Hartweger  
Title: Managing Director  
UK treaty scheme reference number: 13/B/359708/DTTP  
Tax residency: United States of America

CAPITAL ONE, NATIONAL ASSOCIATION, as a  
Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

UK treaty scheme reference number: 13/C/365299/DTTP  
Tax residency: United States of America

CAIXABANK, S.A, as a Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

---

BMO HARRIS BANK N.A., as a Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

UK treaty scheme reference number: 13/B/359708/DTTP  
Tax residency: United States of America

CAPITAL ONE, NATIONAL ASSOCIATION, as a  
Lender

By: /s/Michael J Sullivan  
Name: Michael J Sullivan  
Title: Duty Authorized Signatory

UK treaty scheme reference number: 13/C/365299/DTTP  
Tax residency: United States of America

CAIXABANK, S.A., as a Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



BMO HARRIS BANK N.A., as a Lender

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

UK treaty scheme reference number: 13/B/359708/DTTP

Tax residency: United States of America

CAPITAL ONE, NATIONAL ASSOCIATION, as a  
Lender

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

UK treaty scheme reference number: 13/C/365299/DTTP

Tax residency: United States of America

CAIXABANK, S.A., as a Lender

By: /s/Lucia Fondo /s/ Ignacio Bereciartua

Name: Lucia Fondo Ignacio Bereciartua

Title: Syndicated Loans / Corporate Banking

Title:UK. treaty scheme reference number:

9/C/363422/DTTP Tax residency: Spain

---

## SCHEDULE 1.1(A)

## PRICING GRID—

## VARIABLE PRICING AND FEES BASED ON RATIO

Level	Net Total Leverage Ratio	Letter of Credit Fee	Revolving Credit Base Rate Spread	Revolving Credit Euro-Rate Spread
I	Less than 1.00 to 1.00	2.50%	1.50%	2.50%
II	Greater than or equal to 1.00 to 1.00 but less than 2.00 to 1.00	3.00%	2.00%	3.00%
III	Greater than or equal to 2.00 to 1.00 but less than 3.00 to 1.00	3.25%	2.25%	3.25%
IV	Greater than or equal to 3.00 to 1.00	3.50%	2.50%	3.50%

For purposes of determining the Applicable Margin and the Applicable Letter of Credit Fee Rate:

(a) The Applicable Margin and the Applicable Letter of Credit Fee Rate under Level III shall apply on and after the Closing Date until adjustment pursuant paragraph (b) below by reference to the Borrower's audited financial statements as of December 31, 2017 and related Compliance Certificate.

(b) The Applicable Margin and the Applicable Letter of Credit Fee Rate shall be recomputed as of the end of each fiscal quarter ending after the Closing Date based on the Net Total Leverage Ratio as of such quarter end. Any increase or decrease in the Applicable Margin or the Applicable Letter of Credit Fee Rate computed as of a quarter end shall be effective on the date on which the Compliance Certificate evidencing such computation is due to be delivered under Section 8.3.3 [Certificates of Borrower]. If the Borrower fails to deliver a Compliance Certificate as and when due in accordance with such Section 8.3.3, then, without limiting any other right or remedy available by reason of such failure, the rates in Level IV shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and shall remain in effect until the date on which such Compliance Certificate is delivered.

(c) If, as a result of any restatement of or other adjustment to the financial statements of the Borrower or for any other reason, the Borrower or the Lenders determine that (i) the Net Total Leverage Ratio as calculated by the Borrower as of any applicable date was inaccurate and (ii) a proper calculation of the Net Total Leverage Ratio would have resulted in higher pricing

for such period, the Borrower shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of the applicable Lenders, promptly on demand by the Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, automatically and without further action by the Administrative Agent, any Lender or the Issuing Lender), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not limit the rights of the Administrative Agent, any Lender or the Issuing Lender, as the case may be, under Section 2.9 [Letter of Credit Subfacility] or Section 4.3 [Interest After Default] or Section 9 [Default]. The Borrower's obligations under this paragraph shall survive the termination of the Commitments and the repayment of all other Obligations hereunder.

## COMMITMENTS OF LENDERS AND ADDRESSES FOR NOTICES

Page 1 of 2

Part 1 - Commitments of Lenders and Addresses for Notices to Lenders

Lender	Amount of Commitment for Revolving Credit Loans	Ratable Share
Name: PNC Bank, National Association Address: 300 Fifth Avenue, 10th Floor Pittsburgh, PA 15222 Attention: Mahir J. Desai Telephone: (412)762-4866 Telecopy: (412) 705-3232	\$75,000,000.00	30.000%
Name: Citizens Bank of Pennsylvania Address: 525 William Penn Place, PW 2625 Pittsburgh, PA 15219 Attention: A. Paul Dawley Telephone: (412) 867-4519 Telecopy: ( ) _____ - _____	\$65,000,000.00	26.000%
Name: BMO Harris Bank N.A. Address: 115 South LaSalle Street, 25th Floor Chicago, IL 60603 Attention: <u>Patrick Hartweg</u> Telephone: (312) 461-8379 Telecopy: (312) 293-4327	\$65,000,000.00	26.000%

Schedule 1.1(B)

1

Name: Capital One, National Association  
Address: 299 Park Avenue, 23rd Floor  
New York, NY 10171  
Attention: Michael Sullivan  
Telephone: (646) 836-5456  
Telecopy: ( ) - \_\_\_\_\_

\$25,000,000.00

10.000%

Name: CaixaBank, S.A.  
Address: Av. Diagonal 615, pl. 5  
08028 Barcelona, Spain  
Attention: Syndicated Loans Department  
Telephone: 34- 93-404-41-39  
Telecopy: 34-93-404-64-66

\$20,000,000.00

8.000%

Total

\$250,000,000.00

100.000%



COMMITMENTS OF LENDERS AND ADDRESSES FOR NOTICES

Page 2 of 2

Part 2 - Addresses for Notices to Borrower and Guarantors:

ADMINISTRATIVE AGENT

Name: PNC Bank, National Association, As Administrative Agent  
Address: 300 Fifth Avenue, 10th Floor  
Pittsburgh, PA 15222  
Attention: Mahir J. Desai

Telephone: (412)762-4866  
Telecopy: (412) 705-3232

With a Copy To:

Agency Services, PNC Bank, National Association  
Mail Stop: P7-PFSC-04-I  
Address: 500 First Avenue  
Pittsburgh, PA 15219  
Attention: Agency Services  
Telephone: 412 762 6442  
Telecopy: 412 762 8672

BORROWER:

Name: Ferroglobe PLC  
Address: 2nd Floor West Wing, Lansdowne House  
57 Berkeley Square  
London W1J 5ER, United Kingdom  
Attention: Joe Ragan

Telephone: 44 203 129 2420  
Telecopy: ( ) - \_\_\_\_\_

ANY US GUARANTOR:

Name: c/o Globe Specialty Metals, Inc.  
Address: 1595 Sparling Road  
Waterford, Ohio 45786  
Attention: General Counsel

Telephone: (786) 509-6942  
Telecopy: ( ) - \_\_\_\_\_

ANY OTHER GUARANTOR:

Name: c/o Grupo FerroAtlantica, S.A.U.  
Address: Paseo de la Castellana 259-D, planta 49  
edificio Torre Espacio  
Madrid, Spain  
Attention: Joe Ragan  
Telephone: 44 203 129 2420  
Telecopy: ( ) - \_\_\_\_\_

SCHEDULE 1.1(D)

INITIAL DOMESTIC GUARANTORS

1. Alabama Sand and Gravel, Inc.
  2. Alden Resources LLC
  3. Alden Sales Corp, LLC
  4. ARL Resources, LLC
  5. ARL Services, LLC
  6. Core Metals Group Holdings LLC
  7. Core Metals Group LLC
  8. Gatliff Services, LLC
  9. Globe Metallurgical Inc.
  10. Globe Specialty Metals, Inc.
  11. GSM Sales, Inc.
  12. Metallurgical Process Materials, LLC
  13. Norchem, Inc.
  14. Tennessee Alloys Company, LLC
-

SCHEDULE 1.1(E) EXISTING LETTERS OF CREDIT

<u>Account Party</u>	<u>Issuing Lender</u>	<u>Expiry Date</u>	<u>LOC Amount</u>	<u>Beneficiary</u>
Globe Specialty Metals, Inc.	Citizens Bank	10/10/2018	\$300,000.00	THE COUNTY OF NIAGARA
Globe Specialty Metals, Inc.	Citizens Bank	11/3/2018	\$82,436.82	BRICKELL HOLDINGS, LLC

---

SCHEDULE 1.1(F) INITIAL FOREIGN GUARANTORS

1. Grupo FerroAtlántica S.A.U.
  2. FerroAtlántica S.A.U.
  3. FerroPem, S.A.S.
-

SCHEDULE 1.1(H)

PERMITTED HOLDERS

Javier Lopez Madrid  
Pedro Larrea Paguaga  
Joe Ragan  
Jose Maria Alapont  
Donald Barger Jr.  
Bruce L. Crockett  
Stuart Eizenstat  
Manuel Garrido y Ruano  
Greger Hamilton  
Javier Monzon  
Pierre Vareille  
Juan Villar-Mir De Fuentes

---

SCHEDULE 1.1(P)

EXISTING LIENS

1. Liens on specified equipment of Alabama Sand and Gravel, Inc. pursuant to various existing agreements, by and between Alabama Sand and Gravel, Inc. and Thompson Tractor Co., Inc. and VFS Leasing Co.
  2. Liens on specified equipment of Alden Resources LLC pursuant to various existing agreements, by and between Alden Resources LLC and Caterpillar Financial Services Corporation and Fifth Third Equipment Finance Company.
  3. Liens on specified equipment of Globe Metallurgical Inc. pursuant to various existing agreements, by and between Globe Metallurgical Inc. and Caterpillar Financial Services Corporation and BNP Paribas.
  4. Liens pursuant to existing working capital financing for Globe Metales, S.R.L., listed in Items 4 and 5 in Schedule 8.2.1.
  5. Common law and/or statutory rights of offset and liens that may arise in connection with the performance/surety bonds listed in Item 6 of Schedule 8.2.1.
  6. Liens pursuant to that certain bank guarantee amounting up to EUR 14,183.33 between Banco Santander, S.A. and Grupo FerroAtlántica, S.A.U. dated as of May 18, 2017.
  7. Liens pursuant to that certain bank guarantee amounting to EUR 4,500,000.00 between CaixaBank S.A. and FerroAtlántica, S.A.U. dated as of May 26, 2016.
  8. Liens pursuant to that certain bank guarantee amounting to EUR 3,375,000.00 between CaixaBank S.A. and FerroAtlántica, S.A.U. dated as of May 26, 2016.
  9. Liens pursuant to that certain bank guarantee amounting to EUR 1,926,000.00 between Bankinter, S.A. and Hidro Nitro Española, S.A. dated as of January 28, 2011.
  10. Liens pursuant to that certain bank guarantee amounting to EUR 90,000.00 between Bankia, S.A. and Hidro Nitro Española, S.A. dated as of October 22, 2010.
  11. Liens pursuant to that certain bank guarantee amounting to EUR 236,584.25 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of October 21, 2003.
  12. Liens pursuant to that certain bank guarantee amounting to EUR 29,393.64 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of April 17, 2013.
-

13. Liens pursuant to that certain bank guarantee amounting to EUR 29,792.84 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of April 17, 2013.
14. Liens pursuant to that certain bank guarantee amounting to EUR 4,230.84 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of April 17, 2013.
15. Liens pursuant to that certain bank guarantee amounting to EUR 26,579.05 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of April 17, 2013.
16. Liens pursuant to that certain bank guarantee amounting to EUR 10,053.60 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of April 17, 2013.
17. Liens pursuant to that certain bank guarantee amounting to EUR 158.19 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of April 17, 2013.
18. Liens pursuant to that certain bank guarantee amounting to EUR 3,572.02 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of April 17, 2013.
19. Liens pursuant to that certain bank guarantee amounting to EUR 4,555.61 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of April 17, 2013.
20. Liens pursuant to that certain bank guarantee amounting to EUR 645.65 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of April 17, 2013.
21. Liens pursuant to that certain bank guarantee amounting to EUR 3,723.18 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of April 17, 2013.
22. Liens pursuant to that certain bank guarantee amounting to EUR 8,933.46 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of April 17, 2013.
23. Liens pursuant to that certain bank guarantee amounting to EUR 1,594.55 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of May 4, 2013.
24. Liens pursuant to that certain bank guarantee amounting to EUR 1,594.55 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of May 4, 2013.



25. Liens pursuant to that certain bank guarantee amounting to EUR 1,594.55 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of May 4, 2013.
26. Liens pursuant to that certain bank guarantee amounting to EUR 1,594.55 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of May 4, 2013.
27. Liens pursuant to that certain bank guarantee amounting to EUR 1,594.55 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of May 4, 2013.
28. Liens pursuant to that certain bank guarantee amounting to EUR 13,525.79 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of May 12, 2013.
29. Liens pursuant to that certain bank guarantee amounting to EUR 321,850.34 between Banco Santander, S.A. and Hidro Nitro Española, S.A. dated as of March 15, 2013.
30. Liens pursuant to that certain bank guarantee amounting to EUR 10,642.00 between Banco Bilbao Vizcaya Argentaria, S.A. and Hidro Nitro Española, S.A. dated as of August 12, 2013.
31. Liens pursuant to that certain bank guarantee amounting to EUR 40,000.00 between Bankia, S.A. and FerroAtlántica, S.A.U. dated as of June 16, 2005.
32. Liens pursuant to that certain bank guarantee amounting to EUR 41,204.49 between Bankia, S.A. and FerroAtlántica, S.A.U. dated as of September 15, 2005.
33. Liens pursuant to that certain bank guarantee amounting to EUR 3,600.00 between Bankia, S.A. and FerroAtlántica, S.A.U. dated as of May 21, 2008.
34. Liens pursuant to that certain bank guarantee amounting to EUR 6,500.00 between Bankia, S.A. and FerroAtlántica, S.A.U. dated as of May 11, 2012.
35. Liens pursuant to that certain bank guarantee amounting to EUR 467,801.21 between Bankia, S.A. and FerroAtlántica, S.A.U. dated as of August 25, 2014.
36. Liens pursuant to that certain bank guarantee amounting to EUR 489,489.21 between Bankia, S.A. and FerroAtlántica, S.A.U. dated as of August 25, 2014.
37. Liens pursuant to that certain bank guarantee amounting to EUR 512,098.81 between Bankia, S.A. and FerroAtlántica, S.A.U. dated as of August 25, 2014.
38. Liens pursuant to that certain bank guarantee amounting to EUR 535,534.18 between Bankia, S.A. and FerroAtlántica, S.A.U. dated as of August 25, 2014.

39. Liens pursuant to that certain bank guarantee amounting to EUR 558,358.60 between Bankia, S.A. and FerroAtlántica, S.A.U. dated as of August 25, 2014.
40. Liens pursuant to that certain bank guarantee amounting to EUR 30,000.00 between Bankia, S.A. and FerroAtlántica, S.A.U. dated as of March 6, 2015.
41. Liens pursuant to that certain bank guarantee amounting to EUR 8,442.50 between Bankia, S.A. and FerroAtlántica, S.A.U. dated as of November 9, 2015.
42. Liens pursuant to that certain bank guarantee amounting to EUR 8,506.04 between Bankia, S.A. and FerroAtlántica, S.A.U. dated as of February 16, 2016.
43. Liens pursuant to that certain bank guarantee amounting to EUR 30,000.00 between Bankia, S.A. and FerroAtlántica, S.A.U. dated as of October 27, 2017.
44. Liens pursuant to that certain bank guarantee amounting to EUR 7,344.00 between Bankia, S.A. and FerroAtlántica, S.A.U. dated as of December 20, 2017.
45. Liens pursuant to that certain bank guarantee amounting to EUR 41,000.00 between Banco Santander, S.A. and FerroAtlántica, S.A.U. dated as of July 8, 2004.
46. Liens pursuant to that certain bank guarantee amounting to EUR 39,879.27 between Banco Santander, S.A. and FerroAtlántica, S.A.U. dated as of August 27, 2004.
47. Liens pursuant to that certain bank guarantee amounting to EUR 91,797.87 between Banco Santander, S.A. and FerroAtlántica, S.A.U. dated as of September 28, 2006.
48. Liens pursuant to that certain bank guarantee amounting to EUR 1,000.00 between Banco Santander, S.A. and FerroAtlántica, S.A.U. dated as of February 1, 2011.
49. Liens pursuant to that certain bank guarantee amounting to EUR 104,930.00 between Banco Santander, S.A. and FerroAtlántica, S.A.U. dated as of January 23, 2014.
50. Liens pursuant to that certain bank guarantee amounting to EUR 91,904.82 between Banco Bilbao Vizcaya Argentaria, S.A. and FerroAtlántica, S.A.U. dated as of November 5, 2003.
51. Liens pursuant to that certain bank guarantee amounting to EUR 52,550.84 between Banco Bilbao Vizcaya Argentaria, S.A. and FerroAtlántica, S.A.U. dated as of November 5, 2003.

52. Liens pursuant to that certain bank guarantee amounting to EUR 6,500.00 between Banco Bilbao Vizcaya Argentaria, S.A. and FerroAtlántica, S.A.U. dated as of September 17, 2007.
53. Liens pursuant to that certain bank guarantee amounting to EUR 217,337.72 between Banco Bilbao Vizcaya Argentaria, S.A. and FerroAtlántica, S.A.U. dated as of April 24, 2013.
54. Liens pursuant to that certain bank guarantee amounting to EUR 1,593.28 between Banco Bilbao Vizcaya Argentaria, S.A. and FerroAtlántica, S.A.U. dated as of April 24, 2013.
55. Liens pursuant to that certain bank guarantee amounting to EUR 3,347.23 between Banco Bilbao Vizcaya Argentaria, S.A. and FerroAtlántica, S.A.U. dated as of April 24, 2013.
56. Liens pursuant to that certain bank guarantee amounting to EUR 1,817.52 between Banco Bilbao Vizcaya Argentaria, S.A. and FerroAtlántica, S.A.U. dated as of April 24, 2013.
57. Liens pursuant to that certain bank guarantee amounting to EUR 297,138.06 between Banco Bilbao Vizcaya Argentaria, S.A. and FerroAtlántica, S.A.U. dated as of April 24, 2013.
58. Liens pursuant to that certain bank guarantee amounting to EUR 449,792.98 between Banco Bilbao Vizcaya Argentaria, S.A. and FerroAtlántica, S.A.U. dated as of April 24, 2013.
59. Liens pursuant to that certain bank guarantee amounting to EUR 145,178.00 between Société Générale S.A. and Ferropem S.A.S. dated as of July 1, 2008.
60. Liens pursuant to the Finance Lease and the related Assignment Agreement between NGC Banco, S.A., Bankinter, S.A., Caixabank, S.A., Banco Bilbao Vizcaya Argentaria, S.A. and FerroAtlántica, S.A.U. (securing obligations under the Finance Lease and related Assignment Agreement, pursuant to which the equivalent of approximately \$89 million was outstanding as at September 30, 2017).
61. Liens pursuant to the Receivables Sale Agreement dated as of July 31, 2017, among GSM Sales, Inc., Globe Metallurgical Inc., Core Metals Group LLC, Norchem, Inc., Alden Sales Corp, LLC, Ferrous Receivables DAC, ING Bank N.V., Sucursal en España
62. Liens pursuant to the Full Service Lease, dated December 15, 2017, between PNC Equipment Finance LLC and Globe Metallurgical Inc.

## SUBSIDIARIES

<b>Subsidiary</b>	<b>Jurisdiction of Organization</b>	<b>Amount, percentage and type of Equity Interests (unless otherwise indicated, 100% owned)</b>	<b>Material</b>
Ferroglobe Services (UK) Ltd	United Kingdom	Ferroglobe PLC 100 shares	
Globe Specialty Metals, Inc.	Delaware	Ferroglobe PLC 1,000 common shares	
Globe Argentina Holdco LLC	Delaware	Globe Specialty Metals, Inc. limited liability company interest	
Ultra Core Polska (UCP)	Poland	Globe Argentina Holdco LLC 15,192 total shares	
Globe Metales, S.R.L.	Argentina	Globe Specialty Metals, Inc. (90%) Globe Argentina Holdco LLC (10%) 25,000,000 shares	X
Ultracore Energy S.A.	Argentina	Globe Metales, S.A. (97.55%) Globe Specialty Metals, Inc. (2.45%) N/A	
Grupo FerroAtlántica, S.A.U.	Spain	Ferroglobe PLC 200 shares	
FerroAtlantica International Limited	United Kingdom	Grupo FerroAtlántica, S.A.U. 1,091,227 shares	
FerroAtlantica Canada Company, Inc.	Canada	FerroAtlantica International Limited 100 shares	
Ferroquartz Company Inc.	Canada	FerroAtlantica Canada Company, Inc.	

---

		N/A	
Ferroquébec Company Inc.	Canada	FerroAtlantica Canada Company, Inc. N/A	
FerroAtlántica S.A.U.	Spain	Grupo FerroAtlántica, S.A.U. N/A	X
Cuarzos Industriales de Venezuela S.A.	Venezuela	FerroAtlántica S.A.U. 10,000 shares	
Cuarzos Industriales S.A.U.	Spain	FerroAtlántica S.A.U. 1,000 shares	
Rocas, Arcillas y Minerales, S.A.	Spain	FerroAtlántica S.A.U. (50%) Cuarzos Industriales S.A.U. (16.67%) 6,667 shares	
FerroAtlántica de México S.A.	Mexico	FerroAtlántica, S.A.U. (99.99%) 498.9501 shares	
FerroAtlántica de Venezuela S.A.	Venezuela	Grupo FerroAtlántica, S.A.U. (80.038%) N/A	
FerroAtlántica Deutschland GMBH	Germany	FerroAtlántica, S.A.U. N/A	
FerroAtlantica do Brasil Mineracao Ltda	Brazil	FerroAtlántica, S.A.U. (70%) N/A	
FerroAtlantica I&D S.L.U.	Spain	FerroAtlántica, S.A.U. 8,608 shares	
FerroAtlantica S.L. y Compania de Fabricacion de FerroAleaciones y Electrometales Sociedad Colectiva	Spain	FerroAtlantica I&D S.L.U. 1.9136 shares	
FerroAtlántica India Private Limited	India	FerroAtlántica S.A.U. (99.99%) FerroPem S.A.S. (0.01%)	

		10,000 shares	
FerroAtlantica, S.L. y Compania de Fabricacion de Electrometales Sociedad Colectiva	Spain	FerroAtlántica S.A.U. 956,798.08 shares	
Ferrosolar Opco Group SL.	Spain	FerroAtlántica S.A.U. (75%) 7,197,000 shares	X
Ganzi FerroAtlantica Silicon Industry Company Limited	China	FerroAtlántica S.A.U. (75%) N/A	
Hidro Nitro Española, S.A.	Spain	FerroAtlántica, S.A.U. (99.875%) 3,205,376.265 shares	X
Ferromanganeso Mauritania, S.A.R.L.	Mauritania	Grupo FerroAtlántica, S.A.U. – 90% 81 shares	
FerroPem S.A.S.	France	Grupo FerroAtlántica, S.A.U. 11,016,217 shares	X
Photosil Industries, S.A.S.	France	FerroPem, S.A.S. 450,000 total shares	
Ferroquartz Holdings Limited (Hong Kong)	Hong Kong	Grupo FerroAtlántica, S.A.U. 100 shares	
Mangshi FerroAtlántica Mining Industry Service Co. Ltd	China	Ferroquartz Holdings Limited (Hong Kong) N/A	
FerroQuartz Mauritania S.A.R.L.	Mauritania	Grupo FerroAtlántica, S.A.U. (90%) 81 shares	
FerroTambao S.A.R.L.	Burkina Faso	Grupo FerroAtlántica, S.A.U. (90%) 81 shares	
Mangshi Sinice Silicon Industry Company	China	Grupo FerroAtlántica, S.A.U. N/A	
Silicio Ferrosolar, S.L.U.	Spain	Grupo FerroAtlántica, S.A.U.	X

		26,000 total shares	
Actifs Solaires Becancour, Inc	Canada	Silicio Ferrosolar, S.L.U. 1,100,100 shares	
Emix S.A.S.	France	Silicio Ferrosolar, S.L.U. 151,216 shares	
FerroSolar R&D SL	Spain	Silicio Ferrosolar, S.L.U. 26,010 shares	
Silicon Smelters PTY LTD	South Africa	Grupo FerroAtlántica, S.A.U. 1,000 total shares	X
Thabachueu Mining PTY LTD	South Africa	Silicon Smelters PTY LTD (74%) 547.6 shares	X
Rebone Mining PTY LTD	South Africa	Thabachueu Mining PTY LTD 100 total shares	
Globe Metallurgical Inc.	Delaware	Globe Specialty Metals, Inc. 3,000 common stock shares	X
Alabama Sand and Gravel, Inc.	Delaware	Globe Metallurgical Inc. Inc. 100 common shares	X
Globe Realty Florida LLC	Delaware	Globe Specialty Metals, Inc. limited liability company interest	
Globe Metals Enterprises, LLC	Delaware	Globe Specialty Metals, Inc. limited liability company interest	X
Core Metals Group Holdings LLC	Delaware	Globe Metals Enterprises LLC limited liability company interest	X
Core Metals Group LLC	Delaware	Core Metals Group Holdings LLC	X

		limited liability company interest	
Metallurgical Process Materials, LLC	Delaware	Core Metals Group LLC limited liability company interest	X
Tennessee Alloys Company, LLC	Delaware	Core Metals Group LLC limited liability company interest	X
ECPI Inc.	Delaware	GSM Enterprises Holdings, LLC 100 shares of common stock	
16 Front Street, LLC	Delaware	ECPI Inc. limited liability company interest	
Globe LSE Inc.	Delaware	Globe Metallurgical Inc. 100 common shares	
Norchem, Inc.	Florida	Globe Metallurgical Inc. (50%) GSM Enterprises Holdings Inc. (50%) 200 shares	X
Laurel Ford Resources, Inc.	Kentucky	Globe Metallurgical Inc. 100 common shares	
West Virginia Alloys, Inc.	Delaware	Globe Metallurgical Inc. 100 common shares	
Globe Realty LLC	New York	Globe Specialty Metals, Inc. limited liability company interest	
GSM Alloys I, Inc.	Delaware	Globe Specialty Metals, Inc. 100 common shares	X
GSM Alloys II, Inc.	Delaware	Globe Specialty Metals, Inc. 100 common shares	X



WVA Manufacturing, LLC	Delaware	GSM Alloys I, Inc. (5.43%) GSM Alloys II, Inc. (45.57%) limited liability company interest	X
GSM Enterprises, LLC	Delaware	Globe Specialty Metals, Inc. limited liability company interest	X
GSM Enterprises Holdings Inc.	Delaware	GSM Enterprises, LLC 100 shares	X
QSI Partners Ltd.	Cayman Islands	GSM Enterprises, LLC Ordinary Share	
GBG Financial, LLC	Delaware	GSM Enterprises Holdings, LLC limited liability company interest	
GBG Holdings, LLC	Delaware	GSM Enterprises Holdings, LLC limited liability company interest	X
Alden Resources LLC	Delaware	GBG Holdings LLC limited liability company interest	X
ARL Resources LLC	Delaware	Alden Resources LLC limited liability company interest	
ARL Services LLC	Delaware	Alden Resources LLC limited liability company interest	
Alden Sales Corp, LLC	Delaware	GSM Enterprises Holdings, LLC limited liability company interest	X
Gatliff Services LLC	Delaware	GBG Holdings, LLC limited liability company interest	X
Globe BG, LLC	Delaware	GSM Enterprises Holdings, LLC	

		limited liability company interest	
GSM Financial, Inc.	Delaware	Globe Specialty Metals, Inc. 100 common shares	
LF Resources, Inc.	Delaware	Globe Specialty Metals, Inc. 100 common shares	
Ningxia Yonvey Coal Industrial Co., Ltd.	China	LF Resources, Inc. (98%) 98 shares	
MST Financial Holdings, LLC	Delaware	Globe Specialty Metals, Inc. limited liability company interest	
Ferroglobe, Inc.	Delaware	MST Financial Holdings, LLC 100 shares of common stock	
MST Financial LLC	Delaware	Globe Specialty Metals, Inc. limited liability company interest	
MST Resources, LLC	Delaware	MST Financial LLC limited liability company interest	
GSM Netherlands, B.V.	Netherlands	Globe Specialty Metals, Inc. 18,000 total shares	X
GSM Netherlands Overseas I, B.V.	Netherlands	GSM Netherlands, B.V. 18,000 total shares	
GSM Netherlands Overseas II, B.V.	Netherlands	GSM Netherlands, B.V. 18,000 total shares	
Islenska Kisilfelagio EHF. (Icelandic Silicon Corporation)	Iceland	GSM Netherlands Overseas II, B.V. (20.10%) 703.6155 shares	
GSM Netherlands Overseas III, B.V.	Netherlands	GSM Netherlands, B.V.	

		18,000 total shares	
Silicon Technology (Proprietary) Limited	South Africa	GSM Netherlands Overseas III, B.V. 4,200 total shares	
GSM Netherlands Overseas IV, B.V.	Netherlands	GSM Netherlands, B.V. 18,000 shares	X
QSIP Canada ULC	Canada	GSM Netherlands Overseas IV, B.V. 200 total shares	X
Quebec Silicon General Partner Inc.	Canada	QSIP Canada ULC (51%) N/A	
Quebec Silicon Limited Partnership	Canada	QSIP Canada ULC (50.99%) Quebec Silicon General Partner Inc. (0.01%) 51,995.099 shares	X
GSM Sales, Inc.	Delaware	Globe Specialty Metals, Inc. 10 common shares	X
Solsil, Inc.	Delaware	Globe Specialty Metals, Inc. (92.39%) Common Stock	

**US Loan Parties**

1. Due formation and valid existence.
2. Good standing.
3. Power and authority.
4. Due authorization.
5. Execution and delivery.
6. Enforceability.
7. No conflict.
8. Attachment of security interest.
9. Perfection of security interest.
10. No material stamp, recording or similar taxes.
11. Investment Company Act.
12. Margin regulations.

**Non-US Loan Parties**

1. Due incorporation and valid existence.
  2. Power and authority.
  3. Due authorization.
  4. Execution and delivery.
  5. Enforceability of security documents.
  6. No conflict.
  7. Validity of security interest.
  8. Registration requirements for loan documents.
  9. Stamp, recording or similar taxes.
-

10. Withholding taxes.
  11. Courts would give effect to choice of New York law.
  12. Courts would give effect to submission to US jurisdiction.
  13. Foreign court enforcement of a US judgment.
  14. In connection with the enforcement of Collateral, the Administrative Agent / UK Security Trustee / Spanish Security Agent is not required to register with a local office or agency.
  15. In connection with the enforcement of Collateral, the Administrative Agent / UK Security Trustee / Spanish Security Agent is not required to be licensed, qualified or entitled to carry on business in the local jurisdiction.
  16. The Administrative Agent / UK Security Trustee / Spanish Security Agent will not be deemed resident or carrying on business in the local jurisdiction by reason of the enforcement of Collateral.
-

## INSURANCE REQUIREMENTS RELATING TO THE COLLATERAL

## COVENANTS:

At the request of the Administrative Agent, the Loan Parties shall deliver to the Administrative Agent (x) on the Closing Date and annually thereafter an original certificate of insurance signed by the Loan Parties' independent insurance broker describing and certifying as to the existence of the insurance on the Collateral required to be maintained by this Agreement and the other Loan Documents, together with a copy of the endorsement described in the next sentence attached to such certificate, and (y) from time to time a summary schedule indicating all insurance then in force with respect to each of the Loan Parties. Such policies of insurance shall contain special endorsements which include the provisions set forth below or are otherwise in form acceptable to the Administrative Agent in its discretion. The applicable Loan Parties shall notify the Administrative Agent promptly of any occurrence causing a loss or decline in value of the Collateral that exceeds \$5,000,000 and the estimated (or actual, if available) amount of such loss or decline. Any monies received by the Administrative Agent constituting insurance proceeds may, at the option of the Administrative Agent, (i) in the case of property insurance proceeds received during the existence of an Event of Default, be applied by the Administrative Agent to the payment of the Obligations in accordance with the terms of the Credit Agreement, (ii) for losses of less than \$5,000,000 received at such time as no Event of Default or Potential Default exists, be disbursed by the Administrative Agent to the applicable Loan Parties, and (iii) for losses equal to or greater than \$5,000,000 received at such time as no Event of Default or Potential Default exists, be disbursed by the Administrative Agent to the applicable Loan Parties on such terms as are deemed appropriate by the Administrative Agent for the repair, restoration and/or replacement of Collateral and other property in respect of which such proceeds were received.

## ENDORSEMENT:

(i) specify the Administrative Agent as an additional insured, mortgagee and lender loss payee as its interests may appear,

(ii) with respect to all property insurance policies, provide that the interest of the Lenders shall be insured regardless of any breach or violation by the applicable Loan Parties of any warranties, declarations or conditions contained in such policies or any action or inaction of the applicable Loan Parties or others insured under such policies, except that the insurer shall not be obligated to maintain the insurance if the breach consists of non-payment of premiums which continues for 30 days after written notice to Administrative Agent,

(iii) provide a waiver of any right of the insurers to set off or counterclaim or any other deduction, whether by attachment or otherwise,

(iv) provide that any and all rights of subrogation which the insurers may have or acquire against the Loan Parties shall be, at all times and in all respects, junior and subordinate to the prior Payment In Full of the Indebtedness hereunder and that no insurer shall exercise or assert

any right of subrogation until such time as the Indebtedness hereunder has been Paid In Full and the Commitments have terminated,

(v) provide that no cancellation of such policies for any reason (including non-payment of premium) nor any change therein shall be effective until at least thirty (30) days after receipt by the Administrative Agent of written notice of such cancellation or change,

(vi) be primary without right of contribution of any other insurance carried by or on behalf of any additional insureds with respect to their respective interests in the Collateral, and

(vii) provide that inasmuch as the policy covers more than one insured, all terms, conditions, insuring agreements and endorsements (except limits of liability) shall operate as if there were a separate policy covering each insured.

## POST-CLOSING MATTERS

All references to clauses in this Schedule are to clauses in Section 7.1.1 of this Agreement.

- (1) With respect to the Spanish Collateral Documents (the forms of which have been mutually approved by Spanish counsel to the Loan Parties and Spanish counsel to the Administrative Agent) under clause (k), the Borrower, Grupo, FerroAtlántica and, if applicable, other Subsidiaries shall effect such execution, delivery and notarization before a Spanish notary public of the Spanish Collateral Documents, and take other actions, if any, as are reasonably requested by Spanish counsel to the Administrative Agent to cause such Spanish Security Documents to be valid and effective and the Liens thereunder perfected, and deliver to the Administrative Agent's Spanish counsel the share certificates pledged thereby, in each case, within sixty (60) days after the Closing Date.
  - (2) Incident to item (1) above, the Borrower, Grupo and FerroAtlántica shall cause this Agreement and the Guaranty Agreement to be notarized before a Spanish notary public within sixty (60) days after the Closing Date.
  - (3) With respect to the Pledge Agreements under French Law for the Equity Interests of FerroPem and Photosil Industries S.A.S. executed and delivered on the Closing Date under clause (k), the Borrower, Grupo and, if applicable, other Subsidiaries shall cause "special cash accounts" to be established and in effect with respect to such Pledge Agreements within thirty (30) days after the Closing Date.
  - (4) With respect to the Pledge Agreement under English Law for the Equity Interests of FerroAtlántica International Limited ("International") under clause (k), Grupo shall effect such execution and delivery of such Pledge Agreement, and take other actions (including related amendment of the articles of association of International) as are reasonably requested by English counsel to the Administrative Agent to cause such Pledge Agreement to be valid and effective and the Liens thereunder perfected, and deliver to the Administrative Agent's English counsel the share certificate(s) pledged thereby, together with a stock transfer form executed by Grupo in blank relating to such shares, in each case, within forty-five (45) days after the Closing Date.
  - (5) With respect to the UK Debenture under English Law for, among other items, the Equity Interests of Ferroglobe Services (UK) Ltd ("FSUK") under clause (k), the Borrower shall take such actions (including related amendment of the articles of association of FSUK) as are reasonably requested by English counsel to the Administrative Agent to cause such Equity Interests under the UK Debenture to be valid and effective and the Liens thereunder perfected, and deliver to the Administrative Agent's English counsel the share certificate(s) pledged thereby, together with a stock transfer form executed by the Borrower in blank relating to such shares, in each case, within forty-five (45) days after the Closing Date.
  - (6) All certificates representing Material Equity Interests (as defined in the Security Agreement) encumbered by the Collateral Documents that are not delivered on the Closing Date
-



under clause (k), together with executed stock powers in blank relating to such Material Equity Interests, shall be delivered to the Administrative Agent within fifteen (15) Business Days after the Closing Date.

(7) Each US Guarantor shall complete Section 5 [(and provide any information marked as “[\* Pending to receive]” in Section 2(d))] of its perfection certificate required under clause (k) and shall execute and deliver to the Administrative Agent a fully completed counterpart of its perfection certificate within thirty (30) days after the Closing Date.

(8) All Material Notes (as defined in the Security Agreement) that are not delivered on the Closing Date under clause (k) shall be delivered to the Administrative Agent within fifteen (15) Business Days after the Closing Date.

(9) With respect to the Equity Interests of GSM Netherlands B.V. (“Netherlands”) under clause (k), Globe shall execute and deliver such documents and take, or cause to be taken, such other actions as are reasonably requested by counsel to the Administrative Agent to cause the Equity Interests of Netherlands (subject to the 65% limitation more fully described in the Security Agreement to which Globe is a party) to be subject to a valid and perfected Lien in favor of the Administrative Agent within sixty (60) days after the Closing Date.

(10) A written opinion of counsel for Norchem, Inc., a Florida corporation, under clause (d), covering, in respect of Norchem, Inc., customary ‘corporate housekeeping’ matters (such as good standing, due organization, authorization, execution and delivery of the Loan Documents), no conflicts with organizational documents or Florida Law and perfection of Article 9 security interests, in form and substance generally consistent with equivalent opinions rendered on behalf of other US Guarantors and otherwise reasonably satisfactory to the Administrative Agent, shall be delivered to the Administrative Agent within ten (10) Business Days after the Closing Date.

(11) A revised insurance certificate and a revised insurance policy endorsement under clause (e) conforming to the requirements of Schedule 8.1.3 (with variances therefrom approved by the Administrative Agent in its discretion) and otherwise in form and substance reasonably satisfactory to the Administrative Agent shall be delivered to the Administrative Agent within ten (10) Business Days after the Closing Date.

The Administrative Agent may, in its sole discretion, extend the respective periods after the Closing Date set forth in any one or more of the foregoing items by not more than ninety (90) days as to each such item.

---

SCHEDULE 8.2.1

EXISTING INDEBTEDNESS

1. A Capital Lease Agreement dated April 5, 2012 by and between Fifth Third Equipment Finance Company, an Ohio corporation and Alden Resources LLC in an amount not to exceed \$11,054,177.27, of which \$0 was outstanding as of December 31, 2017.
  2. A Capital Lease Agreement dated May 24, 2012 by and between Newco Mining KY, LLC, a Minnesota limited liability company and ARL Resources, LLC, in an amount of \$2,692,232.86, of which \$1,816,338.57 was outstanding as of December 31, 2017.
  3. Working Capital financing by and between Globe Metales, S.R.L. and Banco Supervielle with a line of \$500,000 of which \$223,166 is outstanding.
  4. Working Capital financing by and between Globe Metales, S.R.L. and Santander Rio Bank with a line of \$500,000, for purposes of prefinancing of exports.
  5. The several performance and surety bonds issued by RLI Insurance Company on behalf of Alden Resources LLC; ARL Resources, LLC; Alabama Sand and Gravel, Inc.; Core Metals Group LLC; WVA Manufacturing, LLC and Globe Metallurgical Inc. of which \$9,777,400 was outstanding as of February 3, 2017.
  6. Definitive Resolution Providing Financial Support, dated September 8, 2016, between FerroAtlántica, S.A.U., as borrower and the Spanish Ministry of Industry, Tourism and Commerce, as lender, for aggregate principal amount €44,999,114.00.
  7. Loan Agreement, dated June 6, 2011, between FerroAtlántica, S.A.U., as borrower, and the Spanish Ministry of Industry, Tourism and Commerce, as lender, for aggregate principal amount €3,462,500.00.
  8. Loan Agreement, dated June 6, 2011, between Hidro Nitro Española, S.A., as borrower, and the Spanish Ministry of Industry, Tourism and Commerce, as lender, for aggregate principal amount €1,348,459.61.00.
  9. Loan Agreement, dated December 22, 2010, between FerroAtlántica, S.A.U., as borrower and the Center for Technological-Industrial Development, as lender, for aggregate principal amount €2,406,091.15.
  10. Loan Agreement, dated May 13, 2014, between Silico Ferrosolar, S.L.U., as borrower and the Center for Technological-Industrial Development, as lender, for aggregate principal amount €2,087,260.00.
-

11. Financing Agreement between Photosil Industries, S.A.S., as borrower, FerroPem, S.A.S., as guarantor, and the French Agency for the Environment and Management of Energy, as lender, for aggregate principal amount €5,503,371.92.
12. Interest rate swap by and between FerroAtlántica, S.A.U. and NCG Banco, S.A., dated May 25, 2012, with notional principal amount of €67,238,000 as of February 24, 2018.
13. Full Service Lease, between PNC Equipment Finance LLC and Globe Metallurgical Inc., for 350 railcars, with a 3-year lease value of \$4,410,000.
14. The following intercompany loans:
  - A. Facility Agreement, dated as of March 31, 2016, between Ferroglobe PLC and Grupo FerroAtlántica, S.A.U., (aggregate principal amount €25 million).
  - B. Treasury Agreement, dated January 2, 2014, between Grupo FerroAtlántica, S.A.U. and FerroPem, S.A.S., (maximum amount €100 million).
  - C. Contract in respect of Credit Account, dated May 28, 2012, between Grupo FerroAtlántica, S.A.U. and FerroAtlántica, S.A.U. (maximum amount \$75 million).
  - D. Shareholder's Loan, dated as of July 1, 2013 between Grupo FerroAtlántica, S.A.U. and Mangshi Sinice Silicon Industry Co., Ltd. (aggregate principal amount € 3.5 million).
  - E. Shareholder's Loan, dated as of March 6, 2015, between Grupo FerroAtlántica, S.A.U. and Mangshi Sinice Silicon Industry Co., Ltd. (aggregate principal amount €14.5 million).
  - F. Facility Agreement (Bond Proceeds), dated as of February 15, 2017, between Mangshi Sinice Silicon Industry Co., Ltd. and Grupo FerroAtlántica, S.A.U. (aggregate principal amount €10,589,401.66).
  - G. Facility Agreement (RCF Proceeds), dated as of February 15, 2017, between Mangshi Sinice Silicon Industry Co., Ltd. and Grupo FerroAtlántica, S.A.U. (maximum amount \$200 million).
  - H. Facility Agreement, dated as of February 15, 2017, between Grupo FerroAtlántica, S.A.U. , as lender, and Silicon Smelters Pty., Ltd., as borrower (maximum amount ZAR 350 million).
  - I. Facility Agreement (Bond Proceeds), dated as of February 15, 2017, between Silicon Smelters Pty., Ltd. and Grupo FerroAtlántica, S.A.U. (aggregate principal amount ZAR 443,317,030.79).

- J. Facility Agreement (RCF Proceeds), dated as of February 15, 2017, between Silicon Smelters Pty., Ltd. and Grupo FerroAtlántica, S.A.U. (maximum amount \$200 million).
- K. Facility Agreement, dated as of February 15, 2017, between Silicon Smelters Pty., Ltd., as borrower, and Thabachueu Mining Pty. Ltd., as Lender (maximum amount ZAR 90 million).
- L. Facility Agreement (Bond Proceeds), dated as of February 15, 2017, between Silicon Smelters Pty., Ltd. and Thabachueu Mining Pty. Ltd. (aggregate principal amount ZAR 81,137,810.61).
- M. Facility Agreement (RCF Proceeds), dated as of February 15, 2017, between Silicon Smelters Pty., Ltd. and Thabachueu Mining Pty. Ltd. (maximum amount \$200 million).
- N. Promissory Note, dated March 2, 2016, as amended on January 23, 2017, between Ferroglobe PLC and Globe Specialty Metals, Inc. in the amount of \$15,000,000.
- O. Promissory Note, dated July 27, 2016, as amended on January 23, 2017, between Ferroglobe PLC and Globe Specialty Metals, Inc. in the amount of \$15,000,000.
- P. Promissory Note, dated August 3, 2016, as amended on January 23, 2017, between Ferroglobe PLC and Globe Specialty Metals, Inc. in the amount of \$13,750,000.
- Q. Promissory Note, dated February 24, 2017, between Ferroglobe PLC and Globe Specialty Metals, Inc. in the amount of \$10,000,000.
- R. Promissory Note, dated May 10, 2017, between QSIP Canada ULC and GSM Netherlands, B.V. in the amount of \$5,000,000.
- S. Facility Agreement, dated January 4, 2018, between Ferroglobe PLC and Globe Specialty Metals, Inc. in the amount of \$10,000,000.
- T. Loan to GSM Netherlands, B.V. from Globe Specialty Metals, Inc., dated June 1, 2012.
- U. Loan to Silicon Technology (Proprietary) Limited from GSM Netherlands Overseas III, B.V., dated May 12, 2014, as modified by an addendum dated August 29, 2014.

Each of the foregoing existing Indebtedness, as amended, modified or supplemented from time to time prior to the date hereof or otherwise in accordance with the Credit Agreement.

## EXISTING INVESTMENT COMMITMENTS

Description of Investment	Amount invested	Execution Date of Agreement	Ferroglobe Entity
1. Two loan agreements (\$3 million and \$2 million, plus interest) with Ningxia Yonvey Coal Industrial Co., Ltd.	\$8,584,109 (as of December 31, 2016)	9/30/2010 12/31/2010	LF Resources, Inc.
2. Receivables due from Ningxia Yonvey Coal Industrial Co., Ltd. for financing production of electrodes and capital expenditures related to expansions of productive capacity	\$12,174,185 (as of December 31, 2016)	N/A	Globe Specialty Metals, Inc.
3. Loan to GSM Netherlands, B.V., a wholly-owned subsidiary of Globe Specialty Metals, Inc.	\$4,954,045 (as of February 21, 2018)	6/1/2012	Globe Specialty Metals, Inc.
4. Loan to Silicon Technology (Proprietary) Limited, a wholly-owned subsidiary from GSM Netherlands Overseas III, B.V.	\$27,357,000 (as of February 21, 2018)	5/12/2014 8/29/2014 (1st Addendum)	GSM Netherlands Overseas III, B.V.
5. Investments relating to Item 14 (including any sub-item thereof) of Schedule 8.2.1.			
6. Any Investments (up to a maximum of \$130 million) pursuant to or in connection with the Joint Venture Agreement, dated as of December 20, 2016, between Grupo FerroAtlántica, S.A.U. , Silicio Ferrosolar, S.L.U., FerroAtlántica, S.A.U., Blue Power Corporation, S.L. and Aurinka Photovalic Group, S.L., and any investments in any entity formed pursuant thereto.			
7. Loan Facility Agreement, dated June 13, 2016, between Blue Power Corporation, S.L. and Silicio Ferrosolar, S.L. (aggregate principal amount €9 million), entered into in connection with the subject of item 6 of this Schedule 8.2.4.			

8. The following loans or advances to employees:

<b>Employee Code</b>	<b>Amount Outstanding (€)</b>
8003	8,686.00 €
8048	3,282.50 €
8010	31,815.00 €
8005	2,379.56 €
8071	6,127.24 €
8102	3,636.11 €
8103	1,346.86 €
8024	15,907.50 €
8102	9,153.19€
8123	9,342.53 €
8079	11,817.00 €
8082	7,575.02 €
544	90.12 €
671	3,863.71 €
689	4,649.96 €
731	5,565.00 €
741	1,439.88 €
780	5,399.88 €
801	2,879.88 €
812	3,239.88 €
815	1,979.88 €
853	719.88 €
855	4,499.88 €
859	2,339.88 €
873	1,351.50 €
883	3,959.88 €
885	1,200.04 €
918	3,599.88 €
963	2,159.88 €
988	1,079.88 €
1009	2,375.88 €
1037	6,299.88 €
1039	3,045.08 €

SCHEDULE 8.2.8

AFFILIATE TRANSACTIONS

None.

SCHEDULE 8.2.8

---

EXHIBIT 1.1(A)

[FORM OF] ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [Insert name of Assignor] (the "Assignor") and [Insert name of Assignee] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, restated, modified or supplemented from time to time, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions set forth in Annex 1 attached hereto and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including without limitation any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

- 1. Assignor: \_\_\_\_\_
  - 2. Assignee: \_\_\_\_\_  
[if applicable -- and is an Affiliate/Approved Fund of  
[identify Lender]]
  - 3. Borrower: FERROGLOBE PLC, a public limited company organized under the laws of England and Wales
  - 4. Administrative Agent: PNC BANK, NATIONAL ASSOCIATION, as the administrative agent under the Credit Agreement
  - 5. Credit Agreement: The Credit Agreement dated as of February [ ], 2018 (as amended, restated, modified or supplemented from time to time) among the Borrower, the Guarantors party thereto, the Lenders party thereto, and PNC Bank, National Association, as Administrative Agent
-



6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for Lender*	Amount of Commitment/Loans Assigned*	Percentage Assigned of Commitment/Loans [9 decimals]
	\$	\$	%

[7. Trade Date: \_\_\_\_\_]1

Effective Date: \_\_\_\_\_, 20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

[Signature Page Follows]

\_\_\_\_\_  
\* Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

1 To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR  
[NAME OF ASSIGNOR]

By: \_\_\_\_\_  
Title:

ASSIGNEE  
[NAME OF ASSIGNEE]

By: \_\_\_\_\_  
Title:

Consented to and Accepted:

PNC Bank, National Association, as  
Administrative Agent

By \_\_\_\_\_  
Name:  
Title:

[Consented to:]<sup>2</sup>

PNC Bank, National Association, as  
Issuing Lender and Swing Lender

By \_\_\_\_\_  
Name:  
Title:

[Consented to:]<sup>3</sup>

Ferroglobe PLC

By \_\_\_\_\_  
Name:  
Title:

---

<sup>2</sup> If consent is required pursuant to Section 11.8.2 of the Credit Agreement.

<sup>3</sup> If consent is required pursuant to Section 11.8.2 of the Credit Agreement.

STANDARD TERMS AND CONDITIONS FOR  
ASSIGNMENT AND ASSUMPTION1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is not a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other Loan Document or any collateral thereunder, (iii) the financial condition of each Loan Party, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document or (iv) the performance or observance by each Loan Party, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under the Credit Agreement or any other Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an eligible assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Sections 8.3.1 and 8.3.2 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, (vi) it has independently and without reliance on the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, and (vii) if it is a UK Qualifying Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other Loan Document, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement or any other Loan Document are required to be performed by it as a Lender; [and] (c) confirms for the benefit of the Administrative Agent and without liability to any Loan Party that it is [a UK Qualifying Lender (other than a Treaty Lender)][a UK Treaty Lender][not a UK Qualifying Lender]; [and (d) confirms that it holds a passport under the HMRC DT Treaty Passport scheme (reference number [\_\_\_\_]) and is tax resident in [\_\_\_\_], so that interest payable to it by Borrower is generally subject to full

---

exemption from UK withholding tax, and wishes that scheme to apply to this Assignment and Assumption].

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT 1.1(G)(1)

**[FORM OF]  
GUARANTOR JOINDER**

This GUARANTOR JOINDER (the “Joinder”) is made and entered into as of the \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ 20 \_\_\_\_ by \_\_\_\_\_ and \_\_\_\_\_ among \_\_\_\_\_, a \_\_\_\_\_ (“Subsidiary”), FERROGLOBE PLC, a public limited company organized under the laws of England and Wales (the “Borrower”), the undersigned existing GUARANTORS (the “Existing Guarantors” and together with the Borrower the “Existing Debtors”) and PNC BANK, NATIONAL ASSOCIATION, as Administrative Agent. All capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed thereto in the Credit Agreement (as hereinafter defined).

Recitals:

A. The Borrower, the Guarantors party thereto as the “Guarantors”, the Lenders party thereto as the “Lenders”, PNC Bank, National Association, as the “Administrative Agent”, and PNC Bank, National Association, as the “Swing Lender” and the “Issuing Lender”, are the parties to that certain Credit Agreement dated as of February [ ], 2018 (as amended, restated, supplemented, replaced and otherwise modified from time to time, the “Credit Agreement”), pursuant to which the Lenders have made available to the Borrower certain credit facilities;

B. Subsidiary has been created or acquired by a Debtor and pursuant to the terms of Section 8.2.9 of the Credit Agreement, Subsidiary is required to become a Guarantor under the Credit Agreement, the Guaranty Agreement and the other Loan Documents; and

C. In furtherance of the forgoing, Subsidiary has agreed, among other things, to execute this Joinder and to become a Guarantor under the Credit Agreement.

Agreements:

**NOW, THEREFORE**, for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Joinder to Loan Documents. Subsidiary hereby assumes, and agrees to perform all of the obligations of a Guarantor under the Credit Agreement, the Guaranty Agreement, the [SECURITY AGREEMENT]<sup>1</sup> (the “Security Agreement”), the [PLEDGE AGREEMENT(S)]<sup>2</sup> (the “Pledge Agreement[s]”), and [OTHER LOAN DOCUMENTS]<sup>3</sup> (collectively, the “Applicable Loan Documents”), as direct and primary obligations of Subsidiary, and Subsidiary agrees that it shall comply with and be fully bound by the terms of the Applicable Loan Documents, each as a “Guarantor” or other applicable capacity, in each case, as if it had been a signatory thereto as of the original date thereof. Upon acceptance of this Joinder by the Administrative Agent, Subsidiary shall be entitled to all of the benefits of a Guarantor under the

---

<sup>1</sup> To be the Security Agreement applicable to Guarantors organized in the same jurisdiction as Subsidiary.

<sup>2</sup> To be the Pledge Agreement(s) applicable to Guarantors organized in the same jurisdiction as Subsidiary.

<sup>3</sup> To include any other loan documents intended to apply to Guarantors organized in the same jurisdiction as Subsidiary.

---

2. Acknowledgement of Guaranty Obligations. Subsidiary hereby acknowledges that, as Guarantor, Subsidiary has irrevocably and unconditionally guaranteed to the Guaranteed Creditors (as defined in the Guaranty Agreement), and each of them, the Guaranteed Obligations (as defined in the Guaranty Agreement).

3. Confirmation of Security Interest. Subsidiary hereby confirms (i) the grant contained in the Security Agreement of a security interest to the Secured Party of a continuing security interest in and to, and a pledge of, all of the Collateral (as defined in the Security Agreement) and all of such Subsidiary's right, title and interest therein, whether now owned or existing or hereafter acquired or arising and wherever located, together with all products and proceeds therefrom to secure the Guaranteed Obligations and (ii) the grant contained in the Pledge Agreement[s] of a security interest in the shares, stock, equity and other ownership and participation interests (as more fully set forth therein) owned by Subsidiary of a continuing security interest in and to, and a pledge of, all of the such interests, whether now owned or existing or hereafter acquired or arising and wherever located, together with all products and proceeds therefrom to secure the Guaranteed Obligations.

4. Unconditional Joinder. Subsidiary acknowledges that Subsidiary's obligations as a party to this Joinder are unconditional and are not subject to the execution of one or more Joinders by other subsidiaries of Borrower or any other party. Subsidiary hereby represents and warrants to the Administrative Agent and the Lenders that (i) it will derive benefits, directly and indirectly, from the financing provided under the Credit Agreement, both in its separate capacity and as a member of the integrated group to which it belongs and because the successful operation of the integrated group is dependent upon the continued successful performance of the functions of the integrated group as a whole, (ii) the terms of the consolidated financing provided under this Joinder are more favorable than would otherwise would be obtainable by Subsidiary individually, and (iii) the additional administrative and other costs and reduced flexibility associated with individual financing arrangements which would otherwise be required if obtainable would substantially reduce the value to Subsidiary of the financing.

5. Reliance. The Administrative Agent and the Lenders shall be entitled to rely on this Joinder as evidence that Subsidiary has joined as a Guarantor under the Applicable Loan Documents and is fully obligated thereunder as a Guarantor.

6. Incorporation by Reference. All terms and conditions of the Applicable Loan Documents, including, but not limited to, all representations, warranties, covenants, indemnities, guaranties and other obligations of the Guarantors, waivers and choice of law provisions thereunder are hereby incorporated by reference in this Joinder as if set forth herein in full.

7. Representations and Warranties. Subsidiary hereby represents and warrants that all of the representations and warranties contained in the Applicable Loan Documents, except for such representations and warranties that expressly speak as of a prior date are true and correct in all material respects on and as of the date hereof as if made on and as of such date (except with respect to Subsidiary, in which case they are true and correct in all material respects as of the date hereof), both before and after giving effect to this Joinder, and that no Event of Default or

Default has occurred and is continuing or exists or would occur or exist after giving effect to this Joinder.

8. Disclosure Schedule Upon Execution of the Joinder. Attached hereto as Annex I are supplemental or, if requested by Administrative Agent, updated disclosure Schedules to the Applicable Loan Documents, which supplemental or updated schedules include all information required by the Applicable Loan Documents with respect to Subsidiary as a Guarantor thereunder, in each case, as of the date hereof. Upon the effectiveness of this Joinder, the existing Schedules to the Applicable Loan Documents shall automatically be deemed updated to include Subsidiary.

9. Governing Law. This Joinder shall be deemed to be a contract under the Laws of the State of New York without regard to its conflict of laws principles that would apply a different law.

10. Counterparts. This Joinder may be executed in the original or by telecopy in any number of counterparts, each of which shall be deemed original and all of which taken together shall constitute one and the same Joinder.

11. Consent by Existing Debtors. Each of the Existing Debtors hereby consents to the addition of Subsidiary as a Guarantor and to the execution, delivery and performance of this Joinder.

[Signatures Follow on Next Page]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Guarantor Joinder as of the date set forth above.

Subsidiary:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Existing Debtors:

[TBD]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Administrative Agent:

**PNC BANK, NATIONAL ASSOCIATION**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



ANNEX I

[Attach Supplemental/Updated Schedules]

**[FORM OF]  
CONTINUING AGREEMENT OF GUARANTY AND SURETYSHIP**

This CONTINUING AGREEMENT OF GUARANTY AND SURETYSHIP (this "Guaranty Agreement") is made and entered into as of this [ ] day of February, 2018, by and among EACH OF THE GUARANTORS LISTED ON THE SIGNATURE PAGES HERETO and each of the other persons and entities that become bound hereby from time to time by joinder, assumption or otherwise (each a "Guarantor" and, collectively, the "Guarantors") in favor of PNC BANK, NATIONAL ASSOCIATION, a national banking association, in its capacity as Administrative Agent under and pursuant to the Credit Agreement, hereinafter defined, for the benefit of the Guaranteed Creditors, hereinafter defined (the "Administrative Agent").

Recitals:

A. Ferroglobe PLC, a public limited company organized under the laws of England and Wales ("Borrower"), the Guarantors, the Lenders party thereto as the "Lenders", PNC Bank, National Association, as the "Administrative Agent", and PNC Bank, National Association, as the "Swing Lender" and the "Issuing Lender", are the parties to that certain Credit Agreement of even date herewith (as amended, restated, supplemented, replaced and otherwise modified from time to time, the "Credit Agreement").

B. Pursuant to the Credit Agreement, inter alia, the Lenders have agreed to advance Loans (as this and other capitalized terms used herein and not otherwise defined herein are defined in the Credit Agreement) to the Borrower and issue Letters of Credit.

C. The Guarantors will receive substantial benefit from the proceeds of the Loans and the issuance of the Letters of Credit.

D. The Lenders and the Administrative Agent have required that the Guarantors execute this Guaranty Agreement as a condition to the effectiveness of the Credit Agreement and to the Lenders' advance of Loans pursuant and subject to the terms and conditions of the Credit Agreement.

Agreements:

**NOW, THEREFORE**, in order to induce the Lenders and the Administrative Agent to enter into the Credit Agreement, and in consideration of the benefits to accrue to the Guarantors by reason thereof, and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, each Guarantor hereby jointly and severally represents and warrants to, and covenants and agrees with, each Lender, the Issuing Lender, the Administrative Agent, any Lender or Lender Affiliate that is party to a Lender Provided Foreign Currency Hedge, a Lender Provided Interest Rate Hedge or any Other Lender Provided Financial Service Products (each a "Guaranteed Creditor" and, collectively, the "Guaranteed Creditors") as follows:

1. Guaranty; Guaranteed Obligations. (a) Subject to the limitations set forth in Section 23 hereof and in the Credit Agreement, each Guarantor hereby, jointly and severally, unconditionally and irrevocably guaranties to the Guaranteed Creditors, and becomes surety, as

though it was a primary obligor for, the full and punctual payment and performance when due, whether on demand, at stated maturity, by acceleration, or otherwise and including any amounts which would become due but for the operation of an automatic stay in any Insolvency Proceeding or otherwise, of all Obligations, including, without limiting the generality of the foregoing:

- (i) all principal of and interest on Loans or advances or other extensions of credit to or for the benefit of the Borrower, which such Loans or advances may be evidenced by Notes;
- (ii) all Letter of Credit Obligations;
- (iii) all obligations arising in connection with Other Lender Provided Financial Service Products;
- (iv) all Foreign Currency Hedge Liabilities and all Interest Rate Hedge Liabilities;
- (v) all commitment fees and other amounts from time to time owing to the Guaranteed Creditors under or in connection with the Credit Agreement, this Guaranty Agreement, or any other Loan Document;
- (vi) all costs and expenses (including, but not limited to, attorneys' fees) incurred by the Guaranteed Creditors in the collection of any or all amounts due and payable under the Credit Agreement and in the enforcement of their rights under the Credit Agreement, the Notes, this Guaranty Agreement, the Security Agreement, or any other Loan Document, in all cases, to the extent and as provided for in the Credit Agreement and such other Loan Documents;
- (vii) to the extent not otherwise addressed above, all other Obligations; and
- (viii) all extensions, renewals or refinancings thereof, in whole or in part, whether such Obligations, liabilities, or Indebtedness are direct or indirect, secured or unsecured, joint or several, absolute or contingent, due or to become due, whether for payment or performance, now existing or hereafter arising and including Obligations, liabilities, and Indebtedness arising or accruing after the commencement of any Insolvency Proceeding with respect to the Borrower, any other Loan Party or any Subsidiary or which would have arisen or accrued but for the commencement of such Insolvency Proceeding, even if the claim for such Obligation, liability, or Indebtedness is not enforceable or allowable in such Insolvency Proceeding, and including all Obligations, liabilities, and Indebtedness arising from any extensions of credit under or in connection with the Loan Documents from time to time, regardless of whether any such extensions of credit are in excess of the amount committed under or contemplated by the Loan Documents or are made in circumstances in which any condition to extension of credit is not satisfied (all of the foregoing Obligations, liabilities and Indebtedness are referred to herein collectively as the "Guaranteed Obligations" and each as a "Guaranteed Obligation"); *provided, however*, that notwithstanding anything to the contrary in the foregoing or otherwise in this Guaranty Agreement, the Guaranteed Obligations shall not include Excluded Hedge Liabilities.

Without limitation of the foregoing, any of the Guaranteed Obligations shall be and remain obligations entitled to the benefit of this Guaranty Agreement even if any one or more of the Guaranteed Creditors (or any one or more assignees or transferees thereof) from time to time assigns or otherwise transfers all or any portion of their respective rights and Obligations under the Loan Documents, or any other Guaranteed Obligations, to any other Person.

(b) This Guaranty Agreement is a guaranty of payment and not of collection.

2. Payments. All payments required to be made hereunder shall be made upon demand by each Guarantor in immediately available funds in Dollars (or in an Optional Currency specified in such demand) and shall be made without setoff, counterclaim, withholding, or other deduction of any nature.

3. Obligations Absolute. The obligations of the Guarantors hereunder shall not be discharged or impaired or otherwise diminished by any failure, default, omission, or delay, willful or otherwise, by any one or more of the Guaranteed Creditors, the Borrower, any Guarantor or any other Loan Party or any other obligor on any of the Guaranteed Obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of any Guarantor or would otherwise operate as a discharge of any Guarantor as a matter of law or equity. Each of the Guarantors agrees that the Guaranteed Obligations will be paid and performed strictly in accordance with and subject to the terms of the Loan Documents. Without limiting the generality of the foregoing, but subject to the limitations set forth in Section 23 hereof and in the Credit Agreement, each Guarantor hereby consents to, at any time and from time to time, and the joint and several obligations of each Guarantor hereunder shall, to the fullest extent permitted by applicable Law, not be diminished, terminated, or otherwise similarly affected by any of the following:

(a) Any lack of genuineness, validity, enforceability or allowability (in a bankruptcy, insolvency, reorganization or similar proceeding, or otherwise), or any avoidance or subordination, in whole or in part, of any Loan Document or any of the Guaranteed Obligations and regardless of any Law now or hereafter in effect in any jurisdiction affecting any of the Guaranteed Obligations, any of the terms of the Loan Documents, or any rights of any one or more of the Guaranteed Creditors or any other Person with respect thereto;

(b) Any increase, decrease, or change in the amount, nature, type or purpose of, or any release, surrender, exchange, compromise or settlement of, any of the Guaranteed Obligations (whether or not contemplated by the Loan Documents as presently constituted); any change in the time, manner, method, or place of payment or performance of, or in any other term of, any of the Guaranteed Obligations; any execution or delivery of any additional Loan Documents; or any amendment, modification or supplement to, or refinancing or refunding of, any Loan Document or any of the Guaranteed Obligations;

(c) Any failure to assert any breach of or default under any Loan Document or any of the Guaranteed Obligations; any extensions of credit in excess of the amount committed under or contemplated by the Loan Documents, or in circumstances in which any condition to such extensions of credit has not been satisfied; any other exercise or non-exercise, or any other failure, omission, breach, default, delay, or wrongful action in connection with any exercise or non-

exercise, of any right or remedy against the Borrower, any other Loan Party or any other Person under or in connection with any Loan Document or any of the Guaranteed Obligations other than in the event of such Guaranteed Creditor's gross negligence or willful misconduct, as determined in a final judgment by a court of competent jurisdiction; any refusal of payment or performance of any of the Guaranteed Obligations, whether or not with any reservation of rights against any Guarantor; or any application of collections (including but not limited to collections resulting from realization upon any direct or indirect security for the Guaranteed Obligations) to other Obligations, if any, not entitled to the benefits of this Guaranty Agreement, in preference to Guaranteed Obligations entitled to the benefits of this Guaranty Agreement, or if any collections are applied to Guaranteed Obligations, any application to particular Guaranteed Obligations;

(d) Any taking, exchange, amendment, modification, waiver, supplement, termination, subordination, compromise, release, surrender, loss, or impairment of, or any failure to protect, perfect, or preserve the value of, or any enforcement of, realization upon, or exercise of rights or remedies under or in connection with, or any failure, omission, breach, default, delay, or wrongful action by any one or more of the Guaranteed Creditors, other than in the event of such Guaranteed Creditor's gross negligence or willful misconduct, as determined in a final judgment by a court of competent jurisdiction, in connection with the enforcement of, realization upon, or exercise of rights or remedies under or in connection with, or any other action or inaction by any one or more of the Guaranteed Creditors, or any other Person in respect of any direct or indirect security for any of the Guaranteed Obligations. As used in this Guaranty Agreement, "direct or indirect security" for the Guaranteed Obligations, and similar phrases, includes any collateral security, guaranty, suretyship, letter of credit, capital maintenance agreement, put option, subordination agreement, or other right or arrangement of any nature providing direct or indirect assurance of payment or performance of any of the Guaranteed Obligations, made by or on behalf of any Person;

(e) Any merger, consolidation, liquidation, dissolution, winding-up, charter revocation, or forfeiture, or other change in, restructuring or termination of the corporate structure or existence of, the Borrower or any other Loan Party; any Insolvency Proceeding with respect to the Borrower or any other Loan Party; or any action taken or election made by any one or more of the Guaranteed Creditors (including but not limited to any election under Section 1111(b)(2) of the United States Bankruptcy Code), the Borrower or any other Loan Party in connection with any such proceeding;

(f) Any defense, setoff, or counterclaim (other than a defense of full payment or performance) which may at any time be available to or be asserted by the Borrower, any other Loan Party or any other person with respect to any Loan Document or any of the Guaranteed Obligations; or, subject to Section 6 hereof, any discharge by operation of Law or release of the Borrower, any other Loan Party or any other Person from the performance or observance of any Loan Document or any of the Guaranteed Obligations;

(g) Any other event or circumstance, whether similar or dissimilar to the foregoing, and whether known or unknown, which might otherwise constitute a defense available to, or limit the liability of, any Guarantor, a guarantor or a surety, excepting only indefeasible payment and performance of the Guaranteed Obligations in full.

Each Guarantor acknowledges, consents, and agrees that new Guarantors may join in this Guaranty Agreement pursuant to the Credit Agreement and Section 18 hereof; and each Guarantor affirms that its obligations shall continue hereunder undiminished. Each Guarantor consents to, and approves of, each of its Subsidiaries entering into and performing its obligations under the Loan Documents or any documents relating to Lender Provided Foreign Currency Hedges, Lender Provided Interest Rate Hedges or any Other Lender Provided Financial Service Products to which each such Subsidiary is a party.

4. Waivers, etc. To the fullest extent permitted under applicable Law, each of the Guarantors hereby waives any defense to or limitation on its obligations under this Guaranty Agreement arising out of or based on any event or circumstance referred to in Section 3 hereof. Without limitation and to the fullest extent permitted by applicable Law, each Guarantor waives each of the following:

(a) All notices, disclosures and demand of any nature which otherwise might be required from time to time to preserve intact any rights against any Guarantor, including the following: any notice of any event or circumstance described in Section 3 hereof; any notice required by any Law now or hereafter in effect in any jurisdiction; any notice of nonpayment, nonperformance, dishonor or protest under any Loan Document or any of the Guaranteed Obligations; any notice of the incurrence of any Guaranteed Obligation; any notice of any default or any failure on the part of the Borrower, any other Loan Party, any Guarantor or any other Person to comply with any Loan Document or any of the Guaranteed Obligations or any direct or indirect security for any of the Guaranteed Obligations; and any notice of any information pertaining to the business, operations, condition (financial or otherwise) or prospects of the Borrower or any other Loan Party;

(b) Any right to any marshalling of assets, to the filing of any claim against the Borrower or any other Loan Party in the event of any Insolvency Proceeding, or to the exercise against the Borrower or any other Loan Party of any other right or remedy under or in connection with any Loan Document or any of the Guaranteed Obligations or any direct or indirect security for any of the Guaranteed Obligations; any requirement of promptness or diligence on the part of any one or more of the Guaranteed Creditors; any requirement to exhaust any remedies under or in connection with, or to mitigate the damages resulting from default under, any Loan Document or any of the Guaranteed Obligations or any direct or indirect security for any of the Guaranteed Obligations; any benefit of any statute of limitations; and any requirement of acceptance of this Guaranty Agreement or any other Loan Document, and any requirement that any Guarantor receive notice of any such acceptance;

(c) Any defense or other right arising by reason of any Law now or hereafter in effect in any jurisdiction pertaining to election of remedies (including but not limited to anti-deficiency laws, "one action" Laws or the like), or by reason of any election of remedies or other action or inaction by any one or more of the Guaranteed Creditors (including but not limited to commencement or completion of any judicial proceeding or nonjudicial sale or other action in respect of collateral security for any of the Guaranteed Obligations), which results in denial or impairment of the right of any one or more of the Guaranteed Creditors to seek a deficiency against the Borrower or any other Loan Party or which otherwise discharges or impairs any of the Guaranteed Obligations; and

(d) Any and all defenses any Guarantor may now or hereafter have based on principles of suretyship, impairment of collateral, or the like.

5. Representations and Warranties. Each Guarantor hereby represents and warrants to each Guaranteed Creditor that such Guarantor has, independently and without reliance upon any one or more of the Guaranteed Creditors and based on such documents and information as it has deemed reasonably appropriate, made its own credit analysis and decision to enter into this Guaranty Agreement, and such Guarantor has established adequate means of obtaining from any other obligors on a continuing basis information pertaining to, and is now and on a continuing basis will be sufficiently familiar with, the financial condition, operations, properties and prospects of such other obligors to enter into this Guaranty Agreement.

6. Reinstatement. This Guaranty Agreement is a continuing Obligation of each of the Guarantors and shall remain in full force and effect notwithstanding that no Guaranteed Obligations may be outstanding from time to time and notwithstanding any other event or circumstance. Upon termination of all Commitments and the expiration or termination or cash collateralization of all Letters of Credit and indefeasible payment in full of all Guaranteed Obligations (other than unasserted claims for indemnity and other similar contingent obligations) this Guaranty Agreement shall terminate; *provided, however,* that this Guaranty Agreement shall continue to be effective or be reinstated, as the case may be, any time any payment of any of the Guaranteed Obligations is rescinded, recouped, avoided, or must otherwise be returned or released by any of the Guaranteed Creditors upon or during the insolvency, bankruptcy, or reorganization of, or any similar proceeding affecting, the Borrower or any other Loan Party or for any other reason whatsoever, all as though such payment had not been made and was due and owing.

7. Subrogation. No Guarantor shall, and each Guarantor waives and agrees that it will not, exercise any rights against the Borrower or any other Loan Party arising in connection with, or any Collateral securing, the Guaranteed Obligations (including rights of subrogation, contribution, and the like, whether under any other agreement, contract or arrangement, available at law or in equity, or otherwise) until the Guaranteed Obligations (other than unasserted claims for indemnity and other similar contingent obligations) have been indefeasibly paid in full and all Commitments have been terminated and all Letters of Credit have expired, been terminated or cash collateralized. If any amount shall be paid to any Guarantor by or on behalf of the Borrower or any other Loan Party by virtue of any right of subrogation, contribution, or the like, whether under any other agreement, contract or arrangement, available at law or in equity, or otherwise, such amount shall be deemed to have been paid to such Guarantor for the benefit of, and shall be held in trust for the benefit of, any one or more of the Guaranteed Creditors and shall forthwith be paid to the Administrative Agent to be credited and applied upon the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of the Credit Agreement.

8. No Stay. Without limitation of any other provision of this Guaranty Agreement, if any declaration of default or acceleration or other exercise or condition to exercise of rights or remedies under or with respect to any Guaranteed Obligation shall at any time be stayed, enjoined, or prevented for any reason (including but not limited to stay or injunction resulting from the pendency against the Borrower, any other Loan Party or any other Person of a bankruptcy, insolvency, reorganization or similar proceeding), the Guarantors agree that, for the purposes of this Guaranty Agreement and the obligations hereunder, the Guaranteed Obligations shall be

deemed to have been declared in default or accelerated, and such other exercise or conditions to exercise shall be deemed to have been taken or met.

9. Taxes. All payments made by any Guarantor hereunder or under any of the Loan Documents shall be made and without deduction for any Taxes, except as required by applicable Law, subject to the provisions of Section 5.9 of the Credit Agreement.

10. Rights of Contribution; Keepwell.

(a) The Guarantors hereby agree as among themselves that, if any Guarantor shall make an Excess Payment (as defined below), such Guarantor shall have a right of contribution from each other Guarantor in an amount equal to such other Guarantor's Contribution Share (as defined below) of such Excess Payment. The payment Obligations of any Guarantor under this Section 10 shall be subordinate and subject in right of payment to the Guaranteed Obligations until such time as the Guaranteed Obligations have been paid in full and the Commitments have expired or terminated, and none of the Guarantors shall exercise any right or remedy under this Section 10 against any other Guarantor until such Guaranteed Obligations have been paid in full and the Commitments have expired or terminated. For purposes of this Section 10, (a) "Excess Payment" shall mean the amount paid by any Guarantor in excess of its Ratable Share of any Guaranteed Obligations (as defined below); (b) "Ratable Share" shall mean, for any Guarantor in respect of any payment of Obligations, the ratio (expressed as a percentage) as of the date of such payment of the Guaranteed Obligations of (i) the amount by which the aggregate present fair salable value of all of its assets and properties exceeds the amount of all debts and liabilities of such Guarantor (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the Obligations of such Guarantor hereunder) to (ii) the amount by which the aggregate present fair salable value of all assets and other properties of all of the Loan Parties exceeds the amount of all of the debts and liabilities (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the Obligations of the Loan Parties hereunder) of the Loan Parties; provided, however, that, for purposes of calculating the Ratable Shares of the Guarantors in respect of any payment of Obligations, any Guarantor that became a Guarantor subsequent to the date of any such payment shall be deemed to have been a Guarantor on the date of such payment and the financial information for such Guarantor as of the date such Guarantor became a Guarantor shall be utilized for such Guarantor in connection with such payment; and (c) "Contribution Share" shall mean, for any Guarantor in respect of any Excess Payment made by any other Guarantor, the ratio (expressed as a percentage) as of the date of such Excess Payment of (i) the amount by which the aggregate present fair salable value of all of its assets and properties exceeds the amount of all debts and liabilities of such Guarantor (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the Obligations of such Guarantor hereunder) to (ii) the amount by which the aggregate present fair salable value of all assets and other properties of the Loan Parties other than the maker of such Excess Payment exceeds the amount of all of the debts and liabilities (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the Obligations of the Loan Parties) of the Loan Parties other than the maker of such Excess Payment; provided, however, that, for purposes of calculating the Contribution Shares of the Guarantors in respect of any Excess Payment, any Guarantor that became a Guarantor subsequent to the date of any such Excess Payment shall be deemed to have been a Guarantor on the date of such Excess Payment and the financial information for such Guarantor as of the date such Guarantor became a Guarantor shall be utilized



for such Guarantor in connection with such Excess Payment. This Section 10 shall not be deemed to affect any right of subrogation, indemnity, reimbursement or contribution that any Guarantor may have under applicable Law against the Borrower or any other Loan Party in respect of any payment of Guaranteed Obligations.

(b) Each Qualified ECP Loan Party hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Guarantor to honor all of its obligations under this Agreement in respect of Swap Obligations (provided, however, that each Qualified ECP Loan Party shall only be liable under this Section 10 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 10, or otherwise under this Agreement, voidable under applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Loan Party under this Section shall remain in full force and effect until the later of the Expiration Date or discharge of such Qualified ECP Loan Party pursuant to the Credit Agreement. Each Qualified ECP Loan Party intends that this Section 10 constitute, and this Section 10 shall be deemed to constitute, a “keepwell, support, or other agreement” for the benefit of each other Guarantor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act or any regulations promulgated thereunder.

11. Notices. Except as otherwise expressly provided herein or in Section 11.5 of the Credit Agreement, all notices and other communications provided for hereunder shall be in writing (including telegraphic, telex, facsimile transmission, email or cable communication) and mailed, telegraphed, telexed, transmitted, cabled or delivered (i) if to a Guarantor, at its address specified in or pursuant to the Credit Agreement and (ii) if to a Guaranteed Creditor, at its address specified in or pursuant to the Credit Agreement, or in any case at such other address as any such party listed may hereafter notify the others in writing. All such notices and communications shall be mailed, telegraphed, telexed, telecopied, emailed or cabled or sent by overnight courier, and shall be effective when received, unless otherwise provided in the Credit Agreement.

12. Counterparts; Signatures. This Guaranty Agreement may be executed in any number of counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. Each Guarantor acknowledges and agrees that a telecopy or other electronic transmission to any one or more of the Guaranteed Creditors of signature pages hereto purporting to be signed on behalf of any Guarantor shall constitute effective and binding execution and delivery hereof by such Guarantor.

13. Setoff, Default Payments by Borrower.

(a) Upon the occurrence and during the continuation of any Event of Default, if at such time any obligation of the Guarantors now or hereafter existing under this Guaranty Agreement shall have become due and payable, any one or more of the Guaranteed Creditors shall have the right from time to time, to the fullest extent permitted by Law, without notice to any Guarantor, to set off against and apply to such due and payable amount any obligation of any nature of any one or more of the Guaranteed Creditors to any Guarantor, including but not limited to all deposits (whether time or demand, general or special, provisionally credited or finally credited, however evidenced) now or hereafter maintained by any Guarantor with any one or more of the Guaranteed

Creditors or any Subsidiary or Affiliate thereof. Such right shall be absolute and unconditional in all circumstances and, without limitation, shall exist whether or not any one or more of the Guaranteed Creditors shall have given any notice or made any demand under this Guaranty Agreement or under such obligation to any Guarantor, whether such obligation to such Guarantor is absolute or contingent, matured or unmatured (it being agreed that any one or more of the Guaranteed Creditors may deem such obligation to be then due and payable at the time of such setoff), and regardless of the existence or adequacy of any collateral, guaranty, or other direct or indirect security or right or remedy available to any one or more of the Guaranteed Creditors. The rights of any one or more of the Guaranteed Creditors under this Section are in addition to such other rights and remedies (including, without limitation, other rights of setoff and banker's lien) which any one or more of the Guaranteed Creditors may have, and nothing in this Guaranty Agreement or in any other Loan Document shall be deemed a waiver of or restriction on the right of setoff or banker's lien of any one or more of the Guaranteed Creditors. Each of the Guarantors hereby agrees that, to the fullest extent permitted by Law, any one or more of the Guaranteed Creditors and any holder of a participation in any Guaranteed Obligation or in any Obligation of any Guarantor under this Guaranty Agreement, shall have the same rights of setoff as any one or more of the Guaranteed Creditors as provided in this Section (regardless of whether such affiliate or participant otherwise would be deemed a creditor of such Guarantor).

(b) Upon the occurrence and during the continuation of any Event of Default under any Guaranteed Obligation, if any amount shall be paid to any Guarantor by or for the account of the Borrower or any other Loan Party, such amount shall be held in trust for the benefit of each Guaranteed Creditor and shall forthwith be paid to the Administrative Agent to be credited and applied to the Guaranteed Obligations when due and payable.

14. Construction. The section and other headings contained in this Guaranty Agreement are for reference purposes only and shall not affect interpretation of this Guaranty Agreement in any respect. This Guaranty Agreement has been fully negotiated between the applicable parties, each party having the benefit of legal counsel, and accordingly neither any doctrine of construction of guaranties or suretyships in favor of the guarantor or surety, nor any doctrine of construction of ambiguities in agreements or instruments against the party controlling the drafting thereof, shall apply to this Guaranty Agreement.

15. Successors and Assigns. This Guaranty Agreement shall be binding upon each Guarantor, its successors and assigns, and shall inure to the benefit of and be enforceable through the Administrative Agent by any one or more of the Guaranteed Creditors and their successors and assigns, except that no Guarantor may assign or transfer any of its rights or obligations hereunder or any interest herein and any such purported assignment or transfer shall be null and void. Without limitation of the foregoing, any one or more of the Guaranteed Creditors (and any successive assignee or transferee), from time to time may assign or otherwise transfer all or any portion of its rights or obligations under the Loan Documents (including all or any portion of any commitment to extend credit), or any other Guaranteed Obligations, to any other Person and such Guaranteed Obligations (including any Guaranteed Obligations resulting from an extension of credit by such other Person under or in connection with the Loan Documents) shall be and remain Guaranteed Obligations entitled to the benefit of this Guaranty Agreement, and to the extent of its interest in such Guaranteed Obligations such other Person shall be vested with all the benefits in

respect thereof granted to any one or more of the Guaranteed Creditors in this Guaranty Agreement or otherwise.

16. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) Governing Law. THIS GUARANTY AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT REFERENCE TO THE CONFLICTS OF LAW PRINCIPLES THEREOF).

(b) Certain Waivers. To the fullest extent permitted by applicable Law, each Guarantor and each Guaranteed Creditor hereby irrevocably:

(i) Consents and submits to the nonexclusive jurisdiction of the Courts of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any relevant appellate court, in any action or proceeding arising out of or relating to this any Loan Document, or for recognition or enforcement of any judgment, and each party hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by Law, in such Federal court;

(ii) Waives any objection to jurisdiction and venue of any action instituted against it in any court referred to in Section 16(b)(i) and agrees not to assert any defense based on lack of jurisdiction or venue;

(iii) Irrevocably consents to service of process in the manner provided for notices in Section 11.5 of the Credit Agreement; but nothing in any Loan Document will affect the right of any party hereto to serve process in any other manner permitted by Law; and

(iv) WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, BETWEEN OR AMONG THE GUARANTOR AND ANY ONE OF MORE OF THE GUARANTEED CREDITORS, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS GUARANTY AGREEMENT, THE CREDIT AGREEMENT, OR ANY NOTE, GUARANTY OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, WITH THE CREDIT AGREEMENT OR WITH THE TRANSACTIONS RELATED THERETO. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims, and all other statutory and common Law claims. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS OF THIS GUARANTY AGREEMENT. In the event of litigation, this provision may be filed as a written consent to a trial by the court.

17. Severability; Modification to Conform to Law.

(a) The Guarantors acknowledge and agree that heretofore they, the Borrower and the other Loan Parties have been operated as an integrated whole, and that such integrated operations, which benefit materially the Borrower and the other Loan Parties, are intended to continue for the mutual benefit of the Borrower and the other Loan Parties. It is the intention of the parties that this Guaranty Agreement be enforceable to the fullest extent permissible under applicable Law, but that the unenforceability (or modification to conform to such Law) of any provision or provisions hereof shall not render unenforceable, or impair, the remainder hereof. If any provision in this Guaranty Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, this Guaranty Agreement shall, as to such jurisdiction, be deemed amended to modify or delete, as necessary, the offending provision or provisions and to alter the bounds thereof in order to render it or them valid and enforceable to the maximum extent permitted by applicable Law without in any manner affecting the validity or enforceability or such provision or provisions in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

(b) Without limitation of the preceding subsection (a), to the extent that applicable Law (including applicable Laws pertaining to fraudulent conveyance or fraudulent or preferential transfer) otherwise would render the full amount of the obligations of each Guarantor hereunder invalid, voidable, or unenforceable on account of the amount of such Guarantor's aggregate liability under this Guaranty Agreement, then, notwithstanding any other provision of this Guaranty Agreement to the contrary, the aggregate amount of such Guarantor's liability shall, without any further action by any one or more of the Guaranteed Creditors or such Guarantor or any other Person, be automatically limited and reduced to the highest amount which is valid and enforceable as determined in such action or proceeding.

(c) Notwithstanding anything to the contrary in this Section or elsewhere in this Guaranty Agreement, this Guaranty Agreement shall be presumptively valid and enforceable to its full extent in accordance with its terms, as if this Section (and references elsewhere in this Guaranty Agreement to enforceability to the fullest extent permitted by Law) were not a part of this Guaranty Agreement, and in any related litigation the burden of proof shall be on the party asserting the invalidity or unenforceability of any provision hereof or asserting any limitation on the obligations of each Guarantor hereunder as to each element of such assertion.

(d) With respect to each Guarantor that is not a US Subsidiary, the obligations of such Guarantor hereunder shall be limited (i) by the corporate benefit restrictions required by Law and applicable to such Guarantor, and (ii) by financial assistance restrictions required by Law and applicable to such Guarantor.

(e) The obligations of each Guarantor hereunder shall be limited to the extent, if any, necessary to avoid any personal civil or criminal liability of any director or officer of such Guarantor arising as a result such Guarantor's agreements hereunder or enforcement thereof.

18. Additional Guarantors. At any time after the initial execution and delivery of this Guaranty Agreement to the Guaranteed Creditors, additional Persons may become parties to this Guaranty Agreement and thereby acquire the duties and rights of being Guarantors hereunder by executing and delivering to the Administrative Agent and the Lenders a joinder to this Guaranty

Agreement pursuant to the Credit Agreement. No notice of the addition of any Guarantor shall be required to be given to any pre-existing Guarantor, and each Guarantor hereby consents thereto.

19. Joint and Several Obligations. Subject to the limitations set forth in Section 23 hereof and in the Credit Agreement, each of the Guaranteed Obligations and additional liabilities of each and every Guarantor under this Guaranty Agreement are joint and several Obligations of the Guarantors, and each Guarantor hereby waives to the full extent permitted by Law any defense such Guarantor may otherwise have to the payment and performance of the Guaranteed Obligations that such Guarantor's liability hereunder is limited and not joint and several. Each Guarantor acknowledges and agrees that the foregoing waivers and those set forth above and below serve as a material inducement to the agreement of the Guaranteed Creditors to make the Loans and other financial accommodations under the Loan Documents, and that any one or more of the Guaranteed Creditors is relying on each specific waiver and all such waivers in entering into this Guaranty Agreement. Subject to the limitations set forth in Section 23 hereof and in the Credit Agreement, the undertakings of each Guarantor hereunder secure the Obligations of itself and the other Guarantors. Any one or more of the Guaranteed Creditors, may, in their sole discretion, elect to enforce this Guaranty Agreement against any Guarantor without any duty or responsibility to pursue the Borrower, any other Loan Party or any other Guarantor, and such an election by any one or more of the Guaranteed Creditors shall not be a defense to any action any one or more of the Guaranteed Creditors, may elect to take against any Guarantor. Each of the Guaranteed Creditors hereby reserves all rights against each Guarantor.

20. Receipt of Credit Agreement, Other Loan Documents, Benefits.

(a) Each Guarantor hereby acknowledges that it has received a copy of the Credit Agreement and the other Loan Documents and each Guarantor certifies as of the date hereof that the representations and warranties made therein with respect to such Guarantor are true and correct in all material respects, except to the extent qualified by materiality in which case such representation and warranty shall be true and correct in all respects. Further, each Guarantor acknowledges and agrees to perform, comply with, and be bound by all of the provisions of the Credit Agreement and the other Loan Documents applicable to such Guarantor.

(b) Each Guarantor hereby acknowledges, represents, and warrants that it receives synergistic benefits by virtue of its affiliation with the Borrower and other Loan Parties and that it will receive direct and indirect benefits from the financing arrangements contemplated by the Credit Agreement and that such benefits, together with the rights of contribution and subrogation that may arise in connection herewith are a reasonably equivalent exchange of value in return for providing this Guaranty Agreement.

21. Miscellaneous.

(a) Generality of Certain Terms. As used in this Guaranty Agreement, the terms "hereof", "herein" and terms of similar import refer to this Guaranty Agreement as a whole and not to any particular term or provision; the term "including", as used herein, is not a term of limitation and means "including without limitation"; and the terms "paid" or "payment" (or words of similar import) shall be deemed to mean indefeasibly paid or indefeasible payment.

(b) Amendments, Waivers. No amendment to or waiver of any provision of this Guaranty Agreement, and no consent to any departure by any Guarantor herefrom, shall in any event be effective unless in a writing signed by or on behalf of the Administrative Agent and the requisite Lenders pursuant to Section 11.1 of the Credit Agreement. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No delay or failure of the Administrative Agent or the Lenders, or any of them, in exercising any right or remedy under this Guaranty Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies of the Administrative Agent and the Lenders under this Guaranty Agreement are cumulative and not exclusive of any other rights or remedies available hereunder, under any other agreement or instrument, by Law, or otherwise.

(c) Expenses. Each Guarantor unconditionally agrees to pay all reasonable and invoiced out-of-pocket costs and reasonable expenses, including attorneys' fees incurred by any one or more of the Guaranteed Creditors or any other Indemnitee in enforcing this Guaranty Agreement against any Guarantor and each Guarantor shall pay and indemnify each Guaranteed Creditor and each other Indemnitee for, and hold it harmless from and against, any and all Obligations, liabilities, losses, damages, reasonable and invoiced costs, expenses (including disbursements and reasonable legal fees of counsel to any one or more of the Guaranteed Creditors or other Indemnitee in accordance with Section 11.3.1 of the Credit Agreement), penalties, judgments, suits, actions, claims, and disbursements imposed on, asserted against, or incurred by any one or more of the Guaranteed Creditors or other Indemnitee (i) relating to the preparation, negotiation, execution, administration, or enforcement of or collection under this Guaranty Agreement or any document, instrument, or agreement relating to any of the Obligations, including in any bankruptcy, insolvency, or similar proceeding in any jurisdiction or political subdivision thereof; (ii) relating to any amendment, modification, waiver, or consent hereunder or relating to any telecopy or telephonic transmission purporting to be by the Borrower or any other Loan Party; (iii) in any way relating to or arising out of this Guaranty Agreement, or any document, instrument, or agreement relating to any of the Guaranteed Obligations, or any action taken or omitted to be taken by any one or more of the Guaranteed Creditors or any other Indemnitee hereunder, and including those arising directly or indirectly from the violation or asserted violation by any Guarantor, the Borrower, any other Loan Party, any one or more of the Guaranteed Creditors or any other Indemnitee of any Law of any jurisdiction or political subdivision thereof (including those relating to environmental protection, health, labor, importing, exporting, or safety) and regardless whether asserted by any governmental entity or any other Person.

(d) Prior Understandings. This Guaranty Agreement, together with the Credit Agreement and other Loan Documents constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersede any and all other prior and contemporaneous understandings and agreements. There are no oral agreements between the parties.

(e) Survival. All representations and warranties of the Guarantors made in connection with this Guaranty Agreement shall survive, and shall not be waived by, the execution and delivery of this Guaranty Agreement, any investigation by or knowledge of any one or more of the Guaranteed Creditors, any extension of credit, or any other event or circumstance whatsoever.

22. Spanish Enforcement Procedures.

(a) In any enforcement proceedings in Spain arising out of or in connection with any of the Loan Documents, the entries made in the accounts maintained by the Administrative Agent and any other Guaranteed Creditor will be prima facie evidence of the matters to which they relate. Accordingly, in the event of executive judicial enforcement against any of Grupo FerroAtlántica, S.A.U., FerroAtlántica, S.A. or any other Guarantor that is a Spanish Person (collectively, the “Spanish Guarantors”) in Spain under this Guaranty Agreement, the following shall apply:

(b) Administrative Agent’s Account: The Administrative Agent will open in its books a special internal account in the name of the Borrower where the following entries will be made:

Debit:

- The amounts made available to the Borrower as principal by any credit means under the Credit Agreement.
- The amount of interest, fees, costs and any other amounts payable by the Borrower under the Credit Agreement.

Credit:

- Payments made by the Borrower to the Guaranteed Creditors through the Administrative Agent for the settlement or repayment of any amounts payable under the Credit Agreement.

(c) Pursuant to the foregoing, the due and payable balance owed by the Borrower to each and every one of the Guaranteed Creditors will be settled and recorded at all times in the aforementioned internal accounts. The balances shown on the accounts referred to above duly certified by the Administrative Agent and/or by a Guaranteed Creditor shall be admissible as evidence in any enforcement proceedings conducted in Spain against the Spanish Guarantors and in the absence of manifest error shall provide conclusive evidence of the amounts due and payable by the Spanish Guarantors under this Guaranty Agreement in any such proceedings.

(d) For the purposes of payment and dispatch of enforcement in Spain against the Spanish Guarantors, or for the purposes of any judicial claims in Spain, the balance resulting from such accounts, duly certified by the Administrative Agent or by the relevant Guaranteed Creditor separately exercising the enforcement action in Spain, will be a due and payable amount under this Guaranty Agreement and may be used as evidence in judicial proceedings in Spain and will have full legal effect under Spanish procedural laws. Accordingly, for the purposes of article 572 and article 517 of the Spanish Civil Procedural Law, the Spanish Guarantors expressly agree that upon the occurrence of an Event of Default, the Administrative Agent (and/or any Guaranteed Creditor) will calculate the amount due following its accounting provisions and it will issue the relevant certificate (which will be upheld valid in a court and shall produce all legal effects) detailing the total due amount as of the date of its issuance, being deemed such amount as true, net, due and payable.

23. Limitations

(a) French Guarantor Limitations. All obligations under this Guaranty Agreement and any other Loan Documents with respect to a Guarantor that is a French Person (a "French Guarantor") shall be limited as follows:

(i) Its obligations hereunder and under any other Loan Document shall apply only insofar as may be required to:

(A) guarantee the payment obligations under the Loan Documents of its direct or indirect Subsidiaries which are or become a Loan Party from time to time under the Credit Agreement and which are incurred by those Subsidiaries as borrowers (if they are not French Persons) and/or as borrowers or Guarantors (if they are French Persons); and

(B) guarantee the payment obligations of the Borrower or other Guarantors which are not direct or indirect Subsidiaries of such French Guarantor, provided that in such case such guarantee shall (1) be limited to the payment obligations of all such other Guarantors under the Loan Documents and (2) not exceed an amount equal to the aggregate of all amounts borrowed by such other Guarantors under the Credit Agreement (either directly or indirectly by way of intercompany loan(s) made to such other Guarantors directly or indirectly by the Borrower or by other Guarantors) and (without double counting) on-lent to such French Guarantor by way of intercompany loan(s), directly or indirectly from the Borrower or other Guarantors and outstanding from time to time (such amount being the "**Maximum Guaranteed Amount**").

(ii) Any payment made by a French Guarantor under paragraph (a)(i)(B) above shall reduce pro tanto the outstanding amount of the intercompany loans due by such French Guarantor to the Borrower or other Guarantor under the intercompany loans referred to in that paragraph.

(iii) For the avoidance of doubt, any payment made by a French Guarantor in respect of the payment obligations of the Borrower or a Guarantor referred to in paragraph (a)(i)(B) above shall reduce the relevant Maximum Guaranteed Amount. Notwithstanding any other provision of this paragraph (a) of Section 23, the Credit Agreement or any other Loan Documents, no French Guarantor shall guarantee liabilities under any Loan Document which would result in such French Guarantor not complying with the French financial assistance rules as set out in article L.225-216 of the French Commercial Code (*Code de Commerce*) and/or would constitute a misuse of corporate assets within the meaning of article L.241-3, L.242-6 or L.244-1 of the French Commercial Code (*Code de commerce*) or any other applicable laws or regulations having the same effect, as interpreted by French courts.

(iv) It is acknowledged that such French Guarantor is not acting jointly and severally with any other Loan Party as to its obligations pursuant to the guarantee given in accordance with this Section 23 and the Credit Agreement.



(v) Without prejudice to the foregoing and insofar as it relates to Foreign Currency Hedge Liabilities and all Interest Rate Hedge Liabilities, the obligations of a French Guarantor under this Guarantee Agreement shall apply only insofar as required to guarantee the payment obligations in respect of any Foreign Currency Hedge Liabilities and any Interest Rate Hedge Liabilities of its direct or indirect Subsidiaries incorporated in France.

(vi) The representations and warranties made in this Guarantee Agreement and any covenants made by any French Guarantor shall be strictly limited to matters related to such French Guarantor and its Subsidiaries and shall not be joint and several with other Loan Parties.

(b) Spanish Guarantor Limitations. The obligations and liabilities of any Spanish Guarantor hereunder, and under any other Loan Document, to the extent applicable on to any Spanish Guarantor, shall be deemed not to be assumed by such Spanish Guarantor to the extent that they constitute or may constitute unlawful financial assistance within the meaning of article 150 of the Spanish Companies Law (where the company is a Spanish public company (*Sociedad Anónima*)) or article 143 of the Spanish Companies Law (where the company is a Spanish limited liability company (*Sociedad de Responsabilidad Limitada*)). Accordingly, the obligations and liabilities of any Spanish Guarantor hereunder or under such other Loan Document, to the extent applicable on to any Spanish Guarantor, shall not include and shall not be extended to any repayment obligations in respect of financing used in or towards the payment of or refinancing of the purchase price or subscription for the shares or quotas in the Spanish Guarantor and/or the acquisition of or subscription for the shares or quotas in its controlling corporation directly or indirectly (or, where the company is a Spanish limited liability company (*Sociedad de Responsabilidad Limitada*), of any company of its group). The guarantee, indemnity and other obligations of any Spanish Guarantor incorporated as a Spanish limited liability company (*Sociedad de Responsabilidad Limitada*) expressed to be assumed by it under the guarantee of any Spanish Guarantor shall not include and shall not extend to any obligations which could reasonably be expected to result in a breach of article 401 of the Spanish Capital Companies Act, to the extent the restrictions under article 401 of the Spanish Capital Companies Act may be applicable to such Spanish Guarantor.

[No additional provisions are on this page; the page next following is a signature page.]

IN WITNESS WHEREOF, each Guarantor, intending to be legally bound, has executed this Guaranty Agreement as of the date first above written.

Guarantors:

**GLOBE SPECIALTY METALS, INC.**, a Delaware corporation

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ALABAMA SAND AND GRAVEL, INC.**, a Delaware corporation  
**GLOBE METALLURGICAL INC.**, a Delaware corporation  
**ALDEN RESOURCES LLC**, a Delaware limited liability company  
**ARL RESOURCES, LLC**, a Delaware limited liability company  
**ARL SERVICES, LLC**, a Delaware limited liability company  
**ALDEN SALES CORP, LLC**, a Delaware limited liability company  
**CORE METALS GROUP HOLDINGS LLC**, a Delaware limited liability company  
**CORE METALS GROUP LLC**, a Delaware limited liability company  
**METALLURGICAL PROCESS MATERIALS, LLC**, a Delaware limited liability company  
**TENNESSEE ALLOYS COMPANY, LLC**, a Delaware limited liability company  
**GSM SALES, INC.**, a Delaware corporation  
**NORCHEM, INC.**, a Florida corporation  
**GATLIFF SERVICES, LLC**, a Delaware limited liability company

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FERROPEM**  
A French Société par actions simplifiée

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Signature Page 2- Continuing Agreement of Guaranty and Suretyship]

---

**GRUPO FERROATLÁNTICA, S.A.U.**, a  
company incorporated under the laws of Spain

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FERROATLÁNTICA, S.A.U.**, a company  
incorporated under the laws of Spain

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Signature Page 3– Continuing Agreement of Guaranty and Suretyship]

---

EXHIBIT 1.1(I)(2)

**[FORM OF]  
INTERCOMPANY SUBORDINATION AGREEMENT**

This INTERCOMPANY SUBORDINATION AGREEMENT (this "Agreement"), dated as of February [ ], 2018, is entered into by and among the Obligors listed on the signature pages hereof and those additional entities that hereafter become parties hereto by joinder, assumption or otherwise (collectively, the "Obligors" and each, individually, an "Obligor") and PNC BANK, NATIONAL ASSOCIATION, a national banking association, in its capacity as Administrative Agent under and pursuant to the Credit Agreement, hereinafter defined (the "Secured Party").

Recitals:

A. Reference is made to that certain Credit Agreement of even date herewith (as amended, restated, supplemented, replaced and otherwise modified from time to time, the "Credit Agreement") by and among Ferroglobe PLC, a public limited company organized under the laws of England and Wales ("Borrower"), the Guarantors party thereto as the "Guarantors", the Lenders party thereto as the "Lenders", PNC Bank, National Association, as the "Administrative Agent", and PNC Bank, National Association as the "Swing Lender" and the "Issuing Lender". Terms used but not defined herein have the meanings attributed to them in the Credit Agreement; and

B. It is a condition precedent to the effectiveness of the Credit Agreement that the Obligors execute and deliver this Agreement.

Agreements:

NOW THEREFORE, in consideration of the foregoing Recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Obligor and the Secured Party hereby agree as follows:

1. Notwithstanding anything in this Agreement to the contrary, any indebtedness owing from time to time in respect of all loans or advances (including, without limitation, pursuant to guarantees or security therefor, interest and premiums, if any, thereon and other amounts payable in respect thereof) which are owed by any Obligor (each, in such capacity, a "Debtor Obligor") to any other Obligor (each, in such capacity, a "Creditor Obligor"), other than the Borrower (the "Subordinated Intercompany Obligations") shall be subordinate and junior in right of payment, to the extent and in the manner set forth below, to all Obligations of such Debtor Obligor under the Credit Agreement and the other Loan Documents, including, without limitation, such Debtor Obligor's Guaranteed Obligations (as defined in the Guaranty Agreement) (collectively, the "Senior Indebtedness):

(i) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization or other similar proceedings in connection therewith, relative to any Debtor Obligor or to its creditors, as such, or to its property, and

---

in the event of any proceedings for voluntary liquidation, dissolution or other winding up of such Debtor Obligor, whether or not involving insolvency or bankruptcy, then (x) the holders of Senior Indebtedness shall be paid in full in cash in respect of all amounts constituting Senior Indebtedness before any Creditor Obligor is entitled to receive (whether directly or indirectly), or make any demands for, any payment on account of this Agreement and (y) until the holders of Senior Indebtedness are paid in full in cash in respect of all amounts constituting Senior Indebtedness (other than contingent amounts not yet due), any payment or distribution to which such Creditor Obligor would otherwise be entitled (other than debt securities of such Debtor Obligor that are subordinated, to at least the same extent as the Subordinated Intercompany Obligations, to the payment of all Senior Indebtedness then outstanding (such securities being hereinafter referred to as "Restructured Debt Securities")) shall be made to the holders of Senior Indebtedness;

(ii) If an Event of Default occurs and is continuing, then no payment or distribution of any kind or character shall be made by or on behalf of the Debtor Obligor or any other Person on its behalf with respect to the Subordinated Intercompany Obligations; and

(iii) If any payment or distribution of any character, whether in cash, securities or other property (other than Restructured Debt Securities), in respect of the Subordinated Intercompany Obligations shall (despite these subordination provisions) be received by any Creditor Obligor in violation of clause (i) or (ii) before all Senior Indebtedness (other than contingent amounts not yet due) shall have been paid in full in cash, such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Indebtedness (or their representatives), ratably according to the respective aggregate amounts remaining unpaid thereon, to the extent necessary to pay all Senior Indebtedness in full in cash.

2. Each Creditor Obligor hereby acknowledges and agrees that the Secured Party may exercise all rights provided in the Credit Agreement and the other Loan Documents with respect to this Agreement. To the fullest extent permitted by Law, no present or future holder of Senior Indebtedness shall be prejudiced in its right to enforce the subordination of this Agreement by any act or failure to act on the part of any Debtor Obligor or by any act or failure to act on the part of such holder or any trustee or agent for such holder. Each Creditor Obligor and each Debtor Obligor hereby agree that the subordination of the Subordinated Intercompany Obligations is for the benefit of the Administrative Agent, the Issuing Lender, the Swing Lender, the Lenders, any Lenders or their Affiliates from time to time providing Lender Provided Foreign Currency Hedges, Lender Provided Interest Rate Hedges or Other Lender Provided Financial Service Products (the "Secured Creditors") and the Secured Creditors are obligees under this Agreement to the same extent as if their names were written herein as such and the Secured party may, on behalf of the itself and the other Secured Creditors, proceed to enforce the subordination provisions herein.

3. Nothing contained in this Agreement is intended to or will impair, as between each Debtor Obligor and each Creditor Obligor, the obligations of such Debtor Obligor, which are absolute and unconditional, to pay to such Creditor Obligor the principal of and interest on

the Subordinated Intercompany Obligations as and when due and payable in accordance with its terms, or is intended to or will affect the relative rights of such Creditor Obligor and other creditors of such Debtor Obligor other than the holders of Senior Indebtedness.

4. No amendment, modification, supplement, termination or waiver of or to any provision hereof, nor consent to any departure by any Debtor Obligor or Creditor Obligor therefrom, shall be effective unless the same shall be consented to in writing by the Administrative Agent and made in accordance with the terms of the Credit Agreement. Section 11.11 of the Credit Agreement is incorporated herein, *mutatis mutandis*, as if a part hereof. Any provision hereof which is invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without invalidating the remaining provisions hereof or affecting the validity, legality or enforceability of such provision in any other jurisdiction. This Agreement and any amendments, waivers, consents or supplements hereto may be executed manually, by electronic transmission or by facsimile in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement.

5. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS THEREOF.

[Signatures Follow on Next Page]

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed this Agreement as of the day and year first above written.

**Obligors:**

**EXECUTED** by **FERROGLOBE PLC**  
acting by \_\_\_\_\_ a Director  
in the presence of \_\_\_\_\_

[Signature of Director]

.....

[Signature of witness]

.....

Name:

Address:

Occupation:

[Signature Page to Intercompany Subordination Agreement]





**GLOBE SPECIALTY METALS, INC.**, a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ALABAMA SAND AND GRAVEL, INC.**, a Delaware corporation

**GLOBE METALLURGICAL INC.**, a Delaware corporation

**ALDEN RESOURCES LLC**, a Delaware limited liability company

**ARL RESOURCES, LLC**, a Delaware limited liability company

**ARL SERVICES, LLC**, a Delaware limited liability company

**ALDEN SALES CORP, LLC**, a Delaware limited liability company

**CORE METALS GROUP HOLDINGS LLC**, a Delaware limited liability company

**CORE METALS GROUP LLC**, a Delaware limited liability company

**METALLURGICAL PROCESS MATERIALS, LLC**, a Delaware limited liability company

**TENNESSEE ALLOYS COMPANY, LLC**, a Delaware limited liability company

**GSM SALES, INC.**, a Delaware corporation

**NORCHEM, INC.**, a Florida corporation

**GATLIFF SERVICES, LLC**, a Delaware limited liability company

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FERROPEM**

A French Société par actions simplifiée

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**GRUPO FERROATLÁNTICA, S.A.U.**,  
a company incorporated under the laws of Spain

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FERROATLÁNTICA, S.A.U.**,  
a company incorporated under the laws of Spain

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SECURED PARTY:**

**PNC BANK, NATIONAL ASSOCIATION,**  
as Administrative Agent

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT 1.1(N)(1)

FORM OF  
REVOLVING CREDIT NOTE

\$ \_\_\_\_\_

Cleveland, Ohio  
February [ \_\_ ], 2018

**FOR VALUE RECEIVED**, the undersigned **FERROGLOBE PLC**, a public limited company organized under the laws of England and Wales with a registered address at 5 Fleet Place, London EC4M 7RD, United Kingdom and registered number 09425113 (herein, together with its successors and assigns, the "Borrower"), hereby promises to pay to the order of \_\_\_\_\_ (the "Lender"), in lawful money of the United States of America and in immediately available funds, the principal sum of \_\_\_\_\_ **DOLLARS** (\$ \_\_\_\_\_), or, if less, the then unpaid principal amount of all Revolving Credit Loans (such term and certain other terms used herein without definition shall have the meanings ascribed thereto in the Credit Agreement referred to below), made by the Lender to the Borrower pursuant to the Credit Agreement, on the Expiration Date.

The Borrower promises also to pay interest in like currency and funds on the unpaid principal amount of the Revolving Credit Loans evidenced hereby from the date of advance thereof until paid at the rates and at the times provided in the Credit Agreement.

This Revolving Credit Note (this "Note") is issued pursuant to the Credit Agreement of even date herewith, by and among the Borrower, the Guarantors party thereto from time to time, the lending institutions from time to time party thereto (including the Lender) and PNC Bank, National Association, as Administrative Agent (as amended, restated or otherwise modified and as from time to time in effect, the "Credit Agreement"), and is entitled to the benefits thereof and of the other Loan Documents. This Note is subject to voluntary and mandatory prepayment prior to the Expiration Date, in whole or in part, as provided in the Credit Agreement.

All payments of principal and interest made in respect of the Revolving Credit Loans evidenced hereby must be repaid in the same currency (whether Dollars or the applicable Optional Currency) in which such Revolving Credit Loan was made, unless otherwise provided in the Credit Agreement.

In case an Event of Default shall occur and be continuing, the principal of and accrued interest on this Note may become or be declared to be due and payable in full in the manner and with the effect provided in the Credit Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note. No failure to exercise, or delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of any such rights.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO ITS CONFLICT OF LAWS PRINCIPLES THAT WOULD APPLY A DIFFERENT LAW.

[Signature page follows]

---

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed and delivered as of the day and year first above set forth.

**EXECUTED** by **FERROGLOBE PLC**  
acting by \_\_\_\_\_ a Director  
in the presence of \_\_\_\_\_

[Signature of Director]

.....

[Signature of witness]

.....

Name:

Address:

Occupation:

[Signature Page to Revolving Credit Note]



EXHIBIT 1.1(N)(2)

[FORM OF]  
SWING LOAN NOTE

\$ 25,000,000.00

Cleveland, Ohio  
February [ \_\_ ], 2018

**FOR VALUE RECEIVED**, the undersigned **FERROGLOBE PLC**, a public limited company organized under the laws of England and Wales with a registered address at 5 Fleet Place, London EC4M 7RD, United Kingdom and registered number 09425113 (herein, together with its successors and assigns, the "Borrower"), hereby promises to pay to the order of **PNC BANK, NATIONAL ASSOCIATION** (the "Lender"), in lawful money of the United States of America and in immediately available funds, the principal sum of TWENTY-FIVE MILLION DOLLARS (\$25,000,000.00), or, if less, the then unpaid principal amount of all Swing Loans (such term and certain other terms used herein without definition shall have the meanings ascribed thereto in the Credit Agreement referred to below), made by the Lender to the Borrower pursuant to the Credit Agreement, on the Expiration Date or at such earlier date as set forth in the Credit Agreement.

The Borrower promises also to pay interest in like currency and funds on the unpaid principal amount of the Swing Loans evidenced hereby from the date of advance thereof until paid at the rates and at the times provided in the Credit Agreement.

This Swing Loan Note (this "Note") is issued pursuant to the Credit Agreement of even date herewith, by and among the Borrower, the Guarantors party thereto from time to time, the lending institutions from time to time party thereto (including the Lender) and PNC Bank, National Association, as Administrative Agent (as amended, restated or otherwise modified and as from time to time in effect, the "Credit Agreement"), and is entitled to the benefits thereof and of the other Loan Documents. This Note is subject to voluntary and mandatory prepayment prior to the Expiration Date, in whole or in part, as provided in the Credit Agreement.

In case an Event of Default shall occur and be continuing, the principal of and accrued interest on this Note may become or be declared to be due and payable in full in the manner and with the effect provided in the Credit Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note. No failure to exercise, or delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of any such rights.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO ITS CONFLICT OF LAWS PRINCIPLES THAT WOULD APPLY A DIFFERENT LAW.

[Signature Page Follows]

---

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed and delivered as of the day and year first above set forth.

**EXECUTED** by **FERROGLOBE PLC**  
acting by \_\_\_\_\_ a Director  
in the presence of \_\_\_\_\_

[Signature of Director]

.....

[Signature of witness]

.....

Name:

Address:

Occupation:

[Signature Page to Swing Loan Note]

---



EXHIBIT 1.1(IP)

**[FORM OF]  
PATENT, TRADEMARK AND COPYRIGHT  
SECURITY AGREEMENT**

This PATENT, TRADEMARK AND COPYRIGHT SECURITY AGREEMENT (this "IP Security Agreement") is made and entered into as of this [ \_\_\_ ] day of [ \_\_\_\_\_ ], by and among EACH OF THE GRANTORS LISTED ON THE SIGNATURE PAGES HERETO and each of the other persons and entities that become bound hereby from time to time by joinder, assumption or otherwise (each a "Grantor" and collectively, the "Grantors") and PNC BANK, NATIONAL ASSOCIATION, a national banking association, in its capacity as Administrative Agent under and pursuant to the Credit Agreement, hereinafter defined (the "Secured Party"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

Recitals:

A. Ferroglobe PLC, a public limited company organized under the laws of England and Wales ("Borrower"), the Guarantors party thereto as the "Guarantors", the Lenders party thereto as the "Lenders", PNC Bank, National Association, as the "Administrative Agent", and PNC Bank, National Association, as the "Swing Lender" and the "Issuing Lender", are the parties to that certain Credit Agreement dated as of February , 2018 (as amended, restated, supplemented, replaced and otherwise modified from time to time, the "Credit Agreement").

B. It is a condition precedent to the effectiveness of the Credit Agreement that the Grantors deliver this IP Security Agreement.

C. The Grantors are party to that certain US Security and Pledge Agreement dated as of February , 2018 (as amended, amended and restated, restated, supplemented or otherwise modified from time to time, the "Security Agreement") in favor of the Secured Party.

Agreements:

NOW THEREFORE, in consideration of the foregoing Recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor and the Secured Party hereby agree as follows:

1. INCORPORATION OF CREDIT AGREEMENT AND SECURITY AGREEMENT. The Credit Agreement and the Security Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference.

2. SECURITY INTEREST IN PATENTS, TRADEMARKS, COPYRIGHTS, ETC. Each Grantor hereby pledges and grants to the Secured Party for the benefit of the Secured Parties a lien on and security interest in and to all of its right, title and interest in, to and under all the following Proprietary Collateral of such Grantor (collectively, the "IP Collateral"):

- (a) the Intellectual Property of such Grantor listed on Schedule I attached hereto; and
  - (b) all Proceeds of any and all of the foregoing.
-

3. SECURITY AGREEMENT. The security interest granted pursuant to this IP Security Agreement is granted in conjunction with the security interest granted to the Secured Party pursuant to the Security Agreement and the Grantors hereby acknowledge and affirm that the rights and remedies of the Secured Party with respect to the security interest in the IP Collateral made and granted hereby are more fully set forth in the Security Agreement. In the event that any provision of this IP Security Agreement is deemed to conflict with the Security Agreement, the provisions of the Security Agreement shall control unless the Secured Party shall otherwise determine.

4. TERMINATION. Upon the termination of the security interests granted to the Secured Party under the Security Agreement in accordance with Section 22 thereof, the Secured Party shall execute, acknowledge, and deliver to the Grantors an instrument in writing in recordable form releasing the IP Collateral.

5. COUNTERPARTS. This IP Security Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this IP Security Agreement by signing and delivering one or more counterparts.

6. GOVERNING LAW. Section 11.11.1 through Section 11.11.5 of the Credit Agreement are incorporated herein, *mutatis mutandis*, as if a part hereof.

[Signatures Follow on Next Page]

**IN WITNESS WHEREOF**, the parties hereto have executed this Patent, Trademark and Copyright Security Agreement as of the date first above written.

GRANTORS:

[ \_\_\_\_\_ ]

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Accepted and Agreed:

**PNC BANK, NATIONAL ASSOCIATION,**  
as Secured Party

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

---

**SCHEDULE I**

to

**PATENT, TRADEMARK AND COPYRIGHT  
SECURITY AGREEMENT**

**PATENT REGISTRATIONS AND PATENT APPLICATIONS**

Patents

<u>Patent Name</u>	<u>Country</u>	<u>Registration Number</u>	<u>Record Owner</u>

Patent Applications

<u>Application Name</u>	<u>Country</u>	<u>Application Number</u>	<u>Applicant</u>

**TRADEMARK REGISTRATIONS AND TRADEMARK APPLICATIONS**

Trademarks

<u>Name</u>	<u>Country</u>	<u>Registration Number</u>	<u>Record Owner</u>

Trademark Applications

<u>Application Name</u>	<u>Country</u>	<u>Application Number</u>	<u>Applicant</u>

**COPYRIGHT REGISTRATIONS AND COPYRIGHT APPLICATIONS**

Copyrights

<u>Copyright Name</u>	<u>Country</u>	<u>Registration Number</u>	<u>Record Owner</u>

Copyrights Applications

<u>Copyright Name</u>	<u>Country</u>	<u>Application Number</u>	<u>Record Owner</u>

---

**EXHIBIT 1.1(P)(1)**

**UK PLEDGE AGREEMENT**  
**[See attached]**

---

DATED

2018

**GRUPO FERROATLÁNTICA, S.A.U.**

as Chargor

(1)

and

**PNC BANK, NATIONAL ASSOCIATION**

as UK Security Trustee

(2)

---

**SHARE CHARGE**

---

Squire Patton Boggs (UK) LLP  
6 Wellington Place  
Leeds LS1 4AP  
United Kingdom  
DX 321081 Leeds 18

O +44 113 284 7000  
F +44 113 284 7001  
Reference TXT1/SQU.038-0352

---

## CONTENTS

1	INTERPRETATION	1
2	COVENANT TO PAY	5
3	SECURITY	5
4	CONTINUING SECURITY	5
5	REPRESENTATIONS AND WARRANTIES	7
6	GENERAL UNDERTAKINGS	8
7	SHARES	9
8	FURTHER ASSURANCE	11
9	POWER TO REMEDY	11
10	ENFORCEMENT OF SECURITY	11
11	RECEIVERS	12
12	APPLICATION OF PROCEEDS	13
13	POWER OF ATTORNEY	14
14	PROTECTION OF UK SECURITY TRUSTEE AND RECEIVERS	14
15	PROTECTION OF THIRD PARTIES	14
16	DELEGATION BY UK SECURITY TRUSTEE	15
17	REDEMPTION OF PRIOR MORTGAGES	15
18	RELEASE OF THE SECURITY	15
19	PAYMENTS	15
20	COSTS AND EXPENSES	16
21	ASSIGNMENTS AND TRANSFERS	16
22	REMEDIES AND WAIVERS	16
23	SET-OFF	17
24	ADDITIONAL PROVISIONS	17
25	NOTICES; EFFECTIVENESS; ELECTRONIC COMMUNICATION	18
26	GOVERNING LAW	18

27	ENFORCEMENT AND JURISDICTION	18
28	COUNTERPARTS AND EFFECTIVENESS	20
	SCHEDULE 1 SHARES	21
	SIGNATURES	22



**PARTIES**

- (1) **GRUPO FERROATLÁNTICA, S.A.U.** a company duly incorporated pursuant to the laws of Spain, with registered office located at Paseo de la Castellana, 259-D, 49th Floor, 28046 – Madrid, Spain, registered with Commercial Registry of Madrid, and with tax identification number (N.I.F.) A-85255370, in force (the "**Chargor**")
- (2) **PNC BANK, NATIONAL ASSOCIATION** as Administrative Agent and trustee for the Secured Parties (the "**UK Security Trustee**", which expression includes any person which is for the time being a trustee (or a co-trustee) for the Secured Parties)

**INTRODUCTION**

- A Ferroglobe PLC, the Guarantors (including the Chargor) party thereto as the "Guarantors", the Lenders party thereto as the "Lenders", PNC Bank, National Association, as the "Administrative Agent", and PNC Bank, National Association as the "Swing Loan Lender" and the "Issuing Lender", are the parties to that certain Credit Agreement dated 2018 (as amended, restated, supplemented, replaced and otherwise modified from time to time, the "**Credit Agreement**").
- B It is a condition subsequent to the effectiveness of the Credit Agreement that the Chargor executes and delivers this Share Charge.
- C The board of directors of the Chargor is satisfied that entering into this Share Charge would be to the further benefit and advantage of the Chargor.
- D The UK Security Trustee holds the Liens, the UK Collateral and the benefit of this Share Charge on trust for itself and the other Secured Parties on the terms of this Share Charge and the Credit Agreement.

**IT IS AGREED THAT:****1 INTERPRETATION****1.1 Definitions**

In this Share Charge the following terms have the meanings given to them in this clause.

"**Account**" means any account now or in the future opened or maintained by the Chargor with a bank or other financial institution (and any replacement account or subdivision or subaccount of that account), all amounts from time to time standing to the credit of, or accrued or accruing on, such account and all Related Rights.

"**Administrator**" means an administrator appointed under schedule B1 to the Insolvency Act.

"**Credit Agreement**" has the meaning given in Recital A above.

"**Default Rate**" means the rate specified in clause 4.3.2 (*Other Obligations*) of the Credit Agreement.

"**Insolvency Act**" means the Insolvency Act 1986.

"**Law of Property Act**" means the Law of Property Act 1925.

"**Lien**" means a mortgage, deed of trust, pledge, lien, security interest, charge or other encumbrance or security arrangement of any nature whatsoever, whether voluntarily or involuntarily given, including any conditional sale or title retention arrangement, and any assignment, deposit arrangement or lease intended as, or having the effect of, security or any other agreement or arrangement having a similar effect.

"**Receiver**" means a receiver and manager or any other receiver (whether appointed pursuant to this Share Charge or any statute, by a court or otherwise) of all or any of the Secured Assets and shall, where permitted by law, include an administrative receiver.

"**Related Rights**" means, in relation to any asset:

- (a) the proceeds of sale of all or any part of that asset;
- (b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset;
- (c) all rights, powers, benefits, claims, contracts, warranties, remedies, security, guarantees, indemnities or covenants for title in respect of that asset; and
- (d) any monies, proceeds or income paid or payable in respect of that asset.

"**Secured Assets**" means all of the assets, rights, title, interests and benefits of the Chargor from time to time subject to the Security.

"**Secured Obligations**" means any and all of the Obligations, including, without limitation, any Loan Party's indebtedness and other obligations in respect of the following:

- (a) all principal of and interest on Loans or advances or other extensions of credit to or for the benefit of the Borrower, which such Loans or advances may be evidenced by promissory notes (the "**Notes**", such term to include all notes and other instruments or securities issued in exchange therefor or in replacement thereof);
- (b) all Letter of Credit Obligations;
- (c) all obligations arising in connection with Other Lender Provided Financial Service Products;
- (d) all Foreign Currency Hedge Liabilities and all Interest Rate Hedge Liabilities;

- (e) all commitment fees and other amounts from time to time owing to the Secured Parties under or in connection with the Credit Agreement, any Security Agreement, any Guaranty or any other Loan Document;
- (f) all costs and expenses (including, but not limited to, reasonable attorneys' fees) incurred by the Secured Parties in the collection of any or all amounts due and payable under the Credit Agreement and in the enforcement of their rights under the Credit Agreement, the Notes, any Guaranty Agreement, any Security Agreement or any other Loan Document, in all cases, to the extent and as provided for in the Credit Agreement and such other Loan Documents;
- (g) to the extent not otherwise addressed above, all other Obligations; and
- (h) all extensions, renewals or refinancings thereof, in whole or in part, whether such Obligations, liabilities, or Indebtedness are direct or indirect, secured or unsecured, joint or several, absolute or contingent, due or to become due, whether for payment or performance, now existing or hereafter arising and including Obligations, liabilities, and Indebtedness arising or accruing after the commencement of an Insolvency Proceeding with respect to the Borrower, any other Loan Party or any Subsidiary or which would have arisen or accrued but for the commencement of such Insolvency Proceeding, even if the claim for such Obligation, liability, or Indebtedness is not enforceable or allowable in such Insolvency Proceeding, and including all Obligations, liabilities, and Indebtedness arising from any extensions of credit under or in connection with the Loan Documents from time to time, regardless whether any such extensions of credit are in excess of the amount committed under or contemplated by the Loan Documents or are made in circumstances in which any condition to extension of credit is not satisfied; provided, however, that notwithstanding anything to the contrary in the foregoing or otherwise in any Security Agreement, the Secured Obligations shall not include Excluded Hedge Liabilities,

provided that no Obligation shall be included in the definition of "Secured Obligations" to the extent that, if it were so included, the Security (or any part thereof) or any other provision of this Share Charge would be unlawful or prohibited by any applicable law. For the avoidance of doubt, this Share Charge does not secure any payment obligation that may constitute a violation of the prohibition of financial assistance under Spanish law (i.e., articles 143.2 and 150.1 of the Spanish Companies' Act (Ley de Sociedades de Capital), as the case may be) by the Chargar; and therefore, such obligations would be excluded from the definition of "Secured Obligations".

"**Secured Parties**" means each of the Secured Parties (as defined in the Credit Agreement) and any Receiver.

"**Security**" means the Liens created or intended to be created by this Share Charge.

"**Security Period**" means the period beginning on the date of this Share Charge and ending on the date upon which the UK Security Trustee is satisfied that:

- (a) none of the Secured Parties is under any obligation (whether actual or contingent) to make advances or provide other financial accommodation to any Loan Party under any of the Loan Documents; and

(b) all Secured Obligations have been unconditionally and irrevocably paid in full.

"Shares" means the shares identified in Schedule 1 (Shares) (if any) and all other shares in the capital of any company incorporated in England and Wales now or in the future legally or beneficially owned by the Chargor and/or any nominee on its behalf, but excluding any shares in a Joint Venture where the constitutional documents of that Joint Venture prohibit the charging of such shares, together with all warrants, options or other rights to subscribe for, purchase or otherwise acquire any securities and investments in each case whether held directly by or to the order of the Chargor or by any custodian, nominee, fiduciary, clearance system or other similar person on its behalf (and all rights against any such person).

## **1.2 Defined Terms**

Unless this Share Charge provides otherwise or the context otherwise requires, a term which is defined (or expressed to be subject to a particular construction) in the Credit Agreement shall have the same meaning (or be subject to the same construction) in this Share Charge.

## **1.3 Incorporation of Terms**

The terms of the Loan Documents and any side letters between the Borrower and the Secured Parties are incorporated into this Share Charge to the extent required for any purported disposition contained in this Share Charge to be a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.

## **1.4 Certificates**

Any certification or determination by a Secured Party of a rate or amount of any Secured Obligation owed to it shall be, in the absence of manifest error, conclusive evidence of the existence and amount of such Secured Obligation.

## **1.5 Nominees**

If the UK Security Trustee causes or requires Shares or any other asset to be registered in the name of a nominee for the UK Security Trustee, any reference in this Share Charge to the UK Security Trustee shall, if the context so permits or requires, be construed as a reference to each of the UK Security Trustee and such nominee.

## **1.6 Third Party Rights**

(a) The terms of this Share Charge may be enforced only by a party to it and the operation of the Contracts (Rights of Third Parties) Act 1999 is excluded, provided that any Receiver and any other Secured Party may rely on and enforce this Share Charge.

(b) The parties to this Share Charge may vary or rescind this Share Charge without the consent of any third party.

## **1.7 Clause and Schedule Headings**

- (a) Unless otherwise stated, any reference in this Share Charge to a clause or a Schedule shall be construed as a reference to a clause of or a schedule to this Share Charge.
- (b) Clause and Schedule headings are for ease of reference only and shall not affect the construction of this Share Charge.

## **2 COVENANT TO PAY**

### **2.1 Covenant to Pay**

The Chargor agrees, as primary obligor and not only as a surety, that it will pay and discharge the Secured Obligations as and when they fall due or, if no time for payment is specified in respect of the same, promptly on demand of the UK Security Trustee.

### **2.2 Interest**

Any Secured Obligation which is owed by the Chargor under this Share Charge and is not paid when due shall bear interest at the Default Rate from the due date until the date on which such Secured Obligation is unconditionally and irrevocably paid in full and such interest shall accrue from day to day (after as well as before judgment) and be payable by the Chargor on demand of the UK Security Trustee.

## **3 SECURITY**

The Chargor, with full title guarantee and as continuing security for the payment and discharge of the Secured Obligations, charges in favour of the UK Security Trustee to hold the same on trust for the Secured Parties on the terms set out in the Credit Agreement by way of first fixed charge all the Chargor's present and future right, title and interest in and to and the benefit of all Shares and all Related Rights.

## **4 CONTINUING SECURITY**

### **4.1 Continuing and Independent Security**

The Security shall constitute and be continuing security which shall not be released or discharged by any intermediate payment or settlement of all or any of the Secured Obligations, shall continue in full force and effect until the end of the Security Period and is in addition to and independent of, and shall not prejudice or merge with, any other security (or any right of set-off) which the UK Security Trustee or any other Secured Party may hold at any time for the Secured Obligations or any of them.

### **4.2 New Accounts**

If the UK Security Trustee receives notice of any Lien created or arising after the date of this Share Charge in respect of the Secured Assets or any of them or makes demand of the Chargor for payment of any or all of the Secured Obligations:

- (a) the UK Security Trustee may open a new account or accounts in respect of any or all of the Secured Obligations (and if it does not do so it shall be treated as if it had done so at the time it received such notice or made such demand); and

- (b) thereafter any amounts paid to the UK Security Trustee in respect of the Secured Obligations, or realised or recovered by the UK Security Trustee under this Share Charge, shall be credited to a new account (or be treated as having been so credited) and not applied (or be treated as having been applied) in or towards payment of all or any of the Secured Obligations.

#### **4.3 Avoidance of Payments**

Where any release, discharge or other arrangement in respect of any Secured Obligation or any Lien which any Secured Party may hold for such Secured Obligation is given or made in reliance on any payment or other disposition which is avoided or must be repaid in an insolvency, liquidation or otherwise, and whether or not such Secured Party has conceded or compromised any claim that any such payment or other disposition will or should be avoided or repaid, this Share Charge and the Security shall continue as if such release, discharge or other arrangement had not been given or made.

#### **4.4 Immediate Recourse**

Neither the UK Security Trustee nor any other Secured Party shall be obliged before exercising any of the rights conferred on it by this Share Charge or by law to seek to recover amounts due from any Loan Party or to exercise or enforce any other rights or security it may have or hold in respect of the Secured Obligations or any of them.

#### **4.5 Waiver of Defences**

Neither the obligations of the Chargor under this Share Charge, nor the Security and the rights, powers and remedies conferred on the UK Security Trustee by this Share Charge or by law shall be discharged, impaired or otherwise affected by:

- (a) the winding-up, dissolution, administration or reorganisation of any Loan Party or any other person or any change in the status, function, control or ownership of any Loan Party or any such person;
- (b) any of the Secured Obligations or any other security held by the UK Security Trustee or any other Secured Party in respect thereof being or becoming illegal, invalid, unenforceable or ineffective in any respect;
- (c) any time or other indulgence being granted or agreed to or with any Loan Party or any other person in respect of the Secured Obligations or any of them or in respect of any other security held by the UK Security Trustee or any other Secured Party in respect thereof;
- (d) any amendment to, or any variation, waiver or release of, the Secured Obligations or any of them or any other security, guarantee or indemnity held by the UK Security Trustee or any other Secured Party in respect thereof;
- (e) any total or partial failure to take or perfect any security proposed to be taken in respect of the Secured Obligations or any of them;
- (f) any total or partial failure to realise the value of, or any release, discharge, exchange or substitution of, any other security, guarantee or indemnity held

by the UK Security Trustee or any other Secured Party in respect of the Secured Obligations or any of them; or

- (g) any other act, event or omission which might operate to discharge, impair or otherwise affect the obligations of the Chargor under this Share Charge, the Security or any of the rights, powers and remedies conferred on the UK Security Trustee and the other Secured Parties by this Share Charge or by law.

#### **4.6 No Competition**

Any right which the Chargor may have by way of subrogation, contribution or indemnity in relation to the Secured Obligations, or otherwise to claim or prove as a creditor of any Loan Party or any other person or its estate in competition with the UK Security Trustee or any other Secured Party, shall be exercised by the Chargor only if and to the extent that the UK Security Trustee so requires and in such manner and upon such terms as the UK Security Trustee may specify and the Chargor shall hold any moneys, rights or security held or received by it as a result of the exercise of any such rights on trust for the UK Security Trustee for application in accordance with the terms of this Share Charge as if such moneys, rights or security were held or received by the UK Security Trustee under this Share Charge.

#### **4.7 Appropriation**

Neither the UK Security Trustee nor any other Secured Party shall be obliged to apply any sums held or received by it in respect of the Secured Obligations in or towards payment of the Secured Obligations and any such sum shall be held by or paid to the UK Security Trustee for application pursuant to the terms of this Share Charge provided that any such sum may be credited to a suspense or impersonal account and held in such account pending the application from time to time of such sums in or towards discharge of the Secured Obligations.

### **5 REPRESENTATIONS AND WARRANTIES**

The Chargor makes the representations and warranties set out in clauses 5.1 (Shares) to 5.2 (No Lien from any Loan Party) to each Secured Party and acknowledges that each of the Secured Parties has entered into the Loan Documents to which it is party in reliance on such representations and warranties.

#### **5.1 Shares**

- (a) It has good and marketable title to all of the Shares it purports to own, free and clear in each case of any Lien, and all such Shares have been validly issued and are fully paid and nonassessable.
- (b) Its Shares and all Related Rights are within the Chargor's disposition and control and the terms of each Share and each Related Right, if applicable, and of the memorandum and articles of association or other constitutional documents of each issuer of such Shares do not restrict or otherwise limit the Chargor's ability to transfer, mortgage, charge or otherwise grant security in respect of any of its Shares and/or the Related Rights.

- (c) It will not take any action whereby the rights attaching to, or the Security over, its Shares and the Related Rights are altered, diluted or otherwise adversely affected except with the prior written consent of the UK Security Trustee.
- (d) Save as otherwise expressly permitted under the Loan Documents, it has not sold or granted any rights of pre-emption over or agreed to sell or grant any right of pre-emption over or otherwise disposed of or agreed to dispose of the benefit of all or any of its rights, title, interests or benefits in, to or in respect of all or any of its Shares or any of the Related Rights.

## **5.2 No Lien from any Loan Party**

It has not requested or taken any Lien from any Loan Party for any obligations or liabilities of any Loan Party to it unless such Lien is a Permitted Lien.

## **5.3 Repetition**

The representations and warranties set out in clauses 5.1 (Shares) to 5.2 (No Lien from any Loan Party):

- (a) shall survive the execution of each Loan Document and each advance under the Credit Agreement; and
- (b) are made on the date of this Share Charge and are deemed to be repeated on the date of each advance under the Credit Agreement during the Security Period with reference to the facts and circumstances then existing.

## **6 GENERAL UNDERTAKINGS**

### **6.1 Negative Pledge and Disposals**

The Chargor will not:

- (a) create or permit to subsist any Lien over all or any of the Secured Assets other than:
  - (i) Liens constituted by or created pursuant to any of the Loan Documents; and
  - (ii) other Liens expressly permitted under the terms of the Loan Documents; or
- (b) dispose of any of its assets except to the extent and in the manner expressly permitted under the Loan Documents.

### **6.2 People with Significant Control regime**

The Chargor shall ensure that each of its Subsidiaries based in the UK will:

- (a) within the relevant timeframe, comply with any notice it receives pursuant to Part 21A of the Companies Act 2006 from any company incorporated in the United Kingdom whose shares are the subject of the Security; and



- (b) promptly provide the UK Security Trustee with a copy of that notice.

## **7 SHARES**

### **7.1 Deposit of Certificates**

The Chargor will:

- (a) on the date of this Share Charge in respect of the Shares specified in Schedule 1 (Shares), and on the date of acquisition in respect of any additional Shares deliver to the UK Security Trustee (i) the share certificates and (ii) stock transfer forms (duly executed in blank by or on behalf of the Chargor or its nominee as appropriate); and
- (b) on the date of this Share Charge, or if later, on the date of acquisition of any Share:
  - (i) deposit with the UK Security Trustee (or as the UK Security Trustee may direct) all other certificates and documents of title or evidence of ownership in relation to such Shares and any Related Rights; and
  - (ii) execute and deliver to the UK Security Trustee all such other transfer forms and documents as may be requested by the UK Security Trustee in order to enable the UK Security Trustee (or its nominee) to become registered as the owner, or otherwise obtain legal title to such Shares and Related Rights.

### **7.2 Not Prejudice**

The Chargor shall not, by the exercise of any voting rights or otherwise, permit or agree to:

- (a) any variation of the rights attaching to or conferred by all or any part of its Shares, or
- (b) any increase in the issued share capital of any company whose shares are charged pursuant to this Share Charge; or
- (c) any other matter,

in each case which would, or would be reasonably likely to, impair the value of, or prejudice the ability of the UK Security Trustee to realise, the Security or otherwise prejudice the interests of any Secured Party under any Loan Document.

### **7.3 Calls and other Payments**

The Chargor shall pay when due all calls or other requests for payments made in respect of any of its Shares and the Related Rights but if the Chargor fails to make any such payment, the UK Security Trustee may (but shall not be obliged to) make such payment on behalf of the Chargor and if the UK Security Trustee does so, the Chargor shall promptly on demand of the UK Security Trustee pay to the UK Security Trustee an amount equal to such payment.

#### **7.4 Notices**

The Chargor shall, promptly upon receipt by it, deliver to the UK Security Trustee copies of any notices, reports, accounts, statements, circulars or any other documents relating to any of its Shares or the Related Rights.

#### **7.5 Rights Before Security Enforceable**

Unless and until the Security has become enforceable, the Chargor shall continue to be entitled:

- (a) to receive and retain all dividends, interest and other monies arising from the Shares and the Related Rights; and
- (b) subject to clause 7.2 (Not Prejudice), to exercise all voting rights in relation to the Shares.

#### **7.6 Rights after Security Enforceable**

At any time after the Security has become enforceable, the UK Security Trustee may at its discretion (in the name of the Chargor or otherwise and without any further consent or authority from the Chargor):

- (a) complete all stock transfer forms and other documents of title then held by the UK Security Trustee pursuant to this Share Charge in the name of the UK Security Trustee (or its nominee) and the Chargor shall co-operate with the UK Security Trustee to secure the prompt registration of such transfer and the prompt issue of a new certificate or certificates for the relevant Shares in the name of the UK Security Trustee (or its nominee);
- (b) exercise (or refrain from exercising) any voting rights in respect of any of the Chargor's Shares and all other powers and rights conferred on or exercisable by a legal or beneficial owner of the Shares;
- (c) apply all dividends, interest and other monies arising from or pursuant to the Chargor's Shares as if they were proceeds of sale under this Share Charge; and
- (d) exercise or refrain from exercising the rights of a legal owner of the Shares, including the right, in relation to any company whose shares or other securities are included in the Shares, to concur or participate in:
  - (i) the reconstruction, amalgamation, sale or other disposal of such company or any of its assets or undertaking (including the exchange, conversion or reissue of any shares or securities as a consequence thereof);
  - (ii) the realisation, modification or variation of any rights or liabilities attaching to any such shares or securities; and
  - (iii) the exercise, renunciation or assignment of any right to subscribe for any such shares or securities,

in each case in such manner and on such terms as the UK Security Trustee may think fit.

## **8 FURTHER ASSURANCE**

The Chargor shall from time to time and at its own expense, give all such assurances and do all such things as the UK Security Trustee may reasonably require or consider desirable to enable the UK Security Trustee to perfect, preserve or protect the Security or the priority of the Security or to exercise any of the rights conferred on the UK Security Trustee or the Secured Parties by this Share Charge or by law and to that intent the Chargor shall execute all such instruments, deeds and agreements, obtain all consents, approvals and other authorisations necessary to create legally and validly, without any breach of contract or duty, the fixed charges envisaged under clause 3 (Security), and shall give all such notices and directions as the UK Security Trustee may consider expedient.

## **9 POWER TO REMEDY**

Without prejudice to the UK Security Trustee's rights under clause 6 (General Undertakings), if the Chargor fails to comply with any of its obligations in relation to any of its assets under this Share Charge the UK Security Trustee may, if it thinks fit (but without any obligation) take such steps as it deems appropriate to remedy such failure (including, without limitation, the payment of costs, charges or other expenses) and the Chargor will co-operate with and will grant the UK Security Trustee or its agents or contractors such access as the UK Security Trustee may require to the relevant assets or otherwise in order to facilitate the taking of such steps.

## **10 ENFORCEMENT OF SECURITY**

### **10.1 Security Enforceable**

The Security shall become immediately enforceable:

- (a) if an Event of Default (including, but not limited to, any event listed in paragraphs (b) to (e) below) has occurred and is continuing;
- (b) after a proposal has been made for a voluntary arrangement (save where any moratorium under the Insolvency Act 2000 is applied for or is in force, when no demand shall be made until any application is rejected or upon the expiry of such moratorium) in respect of any Loan Party or other member of the Group;
- (c) if the Chargor requests the UK Security Trustee to appoint an administrator pursuant to Schedule B1 of the Insolvency Act or a Receiver;
- (d) if so requested by the Chargor; or
- (e) any corporate action or other steps are taken or legal proceedings are started by or in respect of in respect of any Loan Party or other member of the Group with a view to the appointment of an administrator pursuant to Schedule B1 of the Insolvency Act.

## **10.2 Enforcement**

At any time after the Security has become enforceable, the UK Security Trustee may in its absolute discretion enforce all or any part of the Security and exercise any of the rights conferred on it by this Share Charge, the Credit Agreement or by law at such times and in such manner as it thinks fit.

## **10.3 Power of Sale**

At any time after the Security has become enforceable, the UK Security Trustee may (without notice to the Chargor) sell or otherwise dispose of the Secured Assets or any of them and shall be entitled to apply the proceeds of such sale or other disposal in paying the costs of such sale or disposal and thereafter in or towards the discharge of the Secured Obligations or otherwise as provided for in this Share Charge.

## **10.4 Statutory Powers**

For the purposes of all powers implied by statute, the Secured Obligations shall be deemed to have become due and payable on the date of this Share Charge.

## **10.5 Law of Property Act**

Sections 93 and 103 of the Law of Property Act shall not apply to this Share Charge or to any exercise by the UK Security Trustee of its right to consolidate mortgages or its power of sale. Clause 10.2 (Enforcement) shall operate as a variation and extension of Section 101 of such Act.

## **11 RECEIVERS**

### **11.1 Appointment of Receivers**

At any time after the Security has become enforceable or if the Chargor requests it to do so, the UK Security Trustee may, by written instrument and without notice to the Chargor, appoint any one or more persons as Receiver of such part of the Secured Assets as may be permitted by law.

### **11.2 Status of Receivers**

Each Receiver shall:

- (a) be entitled to act individually as well as jointly with any other person appointed as Receiver; and
- (b) for all purposes be deemed to be the agent of the Chargor (and no Receiver shall at any time act as agent for the UK Security Trustee) and shall as such agent be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the Law of Property Act.

### **11.3 Powers of a Receiver**

- (a) Every Receiver appointed pursuant to clause 11.1 (Appointment of Receivers) shall have and be entitled to exercise all of the powers set out in paragraph (b) below in addition to (i) all the powers conferred by the Law of Property Act (as extended by this Share Charge) on any receiver appointed

under such Act and (ii) (whether or not such Receiver is an administrative receiver) all the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act.

- (b) The powers referred to in the first sentence of paragraph (a) above are:
- (i) to take immediate possession of, get in and collect all or any part of the Secured Assets over which he is appointed;
  - (ii) to carry on the business of the Chargor insofar as it relates to the Secured Assets over which he is appointed as it may think fit; and
  - (iii) to do all such other acts and things as it may consider desirable or necessary for realising all or any part of the Secured Assets over which he is appointed or incidental or conducive to any of the matters, powers or authorities conferred on a Receiver under or by virtue of this Share Charge; to exercise in relation to all or any part of the Secured Assets over which he is appointed all such powers, authorities and things as it would be capable of exercising if it were the absolute beneficial owner of the same; and to use the name of the Chargor for all or any of such purposes.

#### **11.4 Removal and Remuneration**

- (a) The UK Security Trustee may whenever it may deem it expedient (and so far as it is lawfully able), by written instrument (i) remove any Receiver appointed by it and (ii) appoint a new Receiver in the place of any Receiver whose appointment has been terminated and may from time to time fix the remuneration of any Receiver appointed by it without the limitations imposed by Section 109 of the Law of Property Act.
- (b) The Chargor shall be solely responsible for the payment of the remuneration of any Receiver appointed pursuant to this Share Charge, including for costs, charges and expenses of the Receiver (other than those caused by the Receiver's gross negligence, wilful misconduct or bad faith).

#### **11.5 UK Security Trustee's Rights**

To the fullest extent permitted by law, all or any of the powers, authorities and discretions which are conferred by this Share Charge (either expressly or impliedly) upon a Receiver in respect of the Secured Assets may, after the Security has become enforceable, be exercised by the UK Security Trustee in relation to the whole or any part of the Secured Assets irrespective of whether or not a Receiver of all or any part of such Secured Assets has been appointed.

#### **12 APPLICATION OF PROCEEDS**

Any moneys held or received by the UK Security Trustee or by any Receiver under or pursuant to this Share Charge shall (subject to the claims of any person having prior rights thereto and by way of variation of the provisions of the Law of Property Act) be applied by the UK Security Trustee or by such Receiver in accordance with the terms of the Credit Agreement.

## **13 POWER OF ATTORNEY**

### **13.1 Appointment**

By way of security for the performance of its obligations under this Share Charge, the Chargor irrevocably appoints the UK Security Trustee and any Receiver (and their respective delegates and sub-delegates) to be its attorney acting severally (or jointly with any other such attorney or attorneys) and on its behalf and in its name or otherwise, at such time and in such matter as the attorney thinks fit:

- (a) to do any and every thing which the Chargor is obliged to do under the terms of this Share Charge but following the expiry of any time period for performance, has failed to do by the date it was obliged to do so; or
- (b) which such attorney considers necessary or desirable in order to exercise the rights conferred on it by or pursuant to this Share Charge or by law.

### **13.2 Ratification**

The Chargor ratifies and confirms and agrees to ratify and confirm whatever any attorney appointed under this Share Charge shall do in its capacity as such.

## **14 PROTECTION OF UK SECURITY TRUSTEE AND RECEIVERS**

### **14.1 No Liability as Mortgagee in Possession**

Neither the UK Security Trustee nor any Receiver shall, by reason of it or such Receiver entering into possession of all or any part of the Secured Assets or taking any action permitted by this Share Charge, be liable to account as mortgagee in possession or otherwise be liable for any loss of any kind or for any default or omission for which a mortgagee in possession might be liable.

### **14.2 Receivers and Mortgagees**

Each Receiver and the UK Security Trustee shall be entitled to all the rights, powers, privileges and immunities conferred by the Law of Property Act (as extended by this Share Charge) on mortgagees and receivers when such receivers have been duly appointed thereunder and the Chargor alone shall be responsible for the UK Security Trustee's and each Receiver's contracts, engagements, acts, omissions, defaults and losses and for all liabilities incurred by either of them (unless caused by gross negligence or wilful default of the UK Security Trustee or Receiver) and none of the Secured Parties shall incur any liability therefor (either to the Chargor or to any other person).

## **15 PROTECTION OF THIRD PARTIES**

No purchaser, mortgagee or other person or company dealing with the UK Security Trustee or any Receiver or the agents of any of them shall have any need to enquire whether the Secured Obligations have become due and payable, or whether any power which the UK Security Trustee or any Receiver is purporting to exercise has become exercisable or whether any of the Secured Obligations remains outstanding nor to have regard to the application of any money paid to the UK Security Trustee or to such Receiver.

## **16 DELEGATION BY UK SECURITY TRUSTEE**

The UK Security Trustee may at any time and from time to time delegate by power of attorney or in any other manner to any person or persons all or any of the powers, authorities and discretions which are for the time being exercisable by the UK Security Trustee under this Share Charge in relation to all or any part of the Secured Assets. Any such delegation may be made upon such terms (including power to sub- delegate) and subject to such regulations as the UK Security Trustee may think fit.

The UK Security Trustee shall not be in any way liable or responsible to the Chargor for any loss or damage arising from any act, default, omission or misconduct on the part of any such delegate or sub-delegate.

## **17 REDEMPTION OF PRIOR MORTGAGES**

The UK Security Trustee may, at any time after the Security has become enforceable, redeem any prior Lien over all or any part of the Secured Assets or procure the transfer of such Lien to itself and may settle and pass the accounts of the prior mortgagee, chargee or encumbrancer. Any accounts so settled and passed shall be conclusive and binding on the Chargor. All principal moneys, interest, costs, charges and expenses of and incidental to such redemption and transfer shall be paid by the Chargor to the UK Security Trustee on demand.

## **18 RELEASE OF THE SECURITY**

### **18.1 Release of Secured Assets**

After the end of the Security Period, the UK Security Trustee shall, at the request and cost of the Chargor, execute all such documents and do such other things as may be reasonably required to release the Secured Assets from the Security and procure the reassignment to the Chargor of the property and assets assigned to the UK Security Trustee pursuant to this Share Charge, in each case subject to clause 24.2 (Potentially Avoided Payments) and without recourse to or any representation or warranty by or from the UK Security Trustee.

### **18.2 Release for Permitted Disposals**

The UK Security Trustee shall release a Secured Asset from the Security if the Chargor is expressly permitted to dispose of such Secured Asset under the Loan Documents provided that any conditions to such disposal and/or release of security stipulated under the Loan Documents have been satisfied.

## **19 PAYMENTS**

### **19.1 No Set-Off**

All payments by the Chargor under this Share Charge shall be made free and clear of and without deduction for or on account of any set-off or counterclaim.

### **19.2 Manner of Payment**

Each payment made by the Chargor under this Share Charge shall be paid in the manner in which payments are to be made by the Loan Parties under the Credit Agreement.

## **20 COSTS AND EXPENSES**

### **20.1 Preservation and Enforcement Costs**

The Chargor shall, from time to time within five Business Days of demand by the UK Security Trustee, reimburse each Secured Party on a full indemnity basis for all costs and expenses (including reasonable legal fees) incurred in or in connection with the preservation and/or enforcement of any of the rights of such Secured Party under this Share Charge.

### **20.2 Taxes**

Section 5.9 (Taxes) of the Credit Agreement shall apply (as applicable) as if it were set out in full in this Share Charge, save that references in that Section to "Loan Party" shall be treated as references to the Chargor and references to "Administrative Agent" shall be treated as references to the UK Security Trustee.

### **20.3 Indemnity**

The Chargor shall indemnify and hold harmless the UK Security Trustee, each other Secured Party, any Receiver and each of their respective officers, employees, agents and delegates (together the "**Indemnified Parties**") for all costs, claims, losses, expenses (including reasonable legal fees) and liabilities, and any VAT thereon incurred by that Indemnified Party (including the reasonable fees, charges and disbursements of any counsel) in connection with:

- (a) the occurrence of an Event of Default; or
- (b) the enforcement or protection of its rights in connection with this Share Charge.

## **21 ASSIGNMENTS AND TRANSFERS**

### **21.1 The Chargor's Rights**

None of the rights and benefits of the Chargor under this Share Charge shall be capable of being assigned or transferred and the Chargor undertakes not to seek to assign or transfer all or any of such rights and benefits.

### **21.2 The UK Security Trustee's Rights**

The UK Security Trustee may assign or transfer all or any of its rights and benefits under this Share Charge without the consent of the Chargor.

## **22 REMEDIES AND WAIVERS**

No failure by the UK Security Trustee to exercise, nor any delay by the UK Security Trustee in exercising, any right or remedy under this Share Charge shall operate as a waiver thereof nor shall any single or partial exercise of any such right or remedy prevent any further or other exercise thereof or the exercise of any other such right or remedy.



## **23 SET-OFF**

### **23.1 Right to Set-Off**

Each Secured Party may (to the extent that the same is beneficially owned by it), but shall not be obliged to, set off its rights in respect of any matured Secured Obligation against any matured obligation owed by such Secured Party to any Loan Party, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, such Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of effecting such set-off pursuant to the terms of the Credit Agreement.

### **23.2 Time Deposits**

Without prejudice to clause 23.1 (Right to Set-Off), if any time deposit matures on any Account the Chargor has with any Secured Party at a time within the Security Period when:

- (a) the Security has become enforceable; and
- (b) no amount of the Secured Obligations is due and payable,

such time deposit shall automatically be renewed for such further period as such Secured Party in its absolute discretion considers appropriate.

## **24 ADDITIONAL PROVISIONS**

### **24.1 Partial Invalidity**

If at any time any provision of this Share Charge is or becomes illegal, invalid or unenforceable in any respect or any or all of the Security is or becomes ineffective in any respect under the law of any jurisdiction, such illegality, invalidity, unenforceability or ineffectiveness shall not affect:

- (a) the legality, validity or enforceability of the remaining provisions of this Share Charge or the effectiveness in any other respect of such Security; or
- (b) the legality, validity or enforceability of such provision or the effectiveness of such Security under the laws of any other jurisdiction.

### **24.2 Potentially Avoided Payments**

If the UK Security Trustee determines that an amount paid to a Secured Party under any Loan Document is capable of being avoided, reduced or otherwise set aside on the liquidation or administration of the person by whom such amount was paid, then for the purposes of this Share Charge, such amount shall be regarded as not having been paid and the liability of the Chargor under this Share Charge and the Security shall continue.

### **24.3 Rights Cumulative**

The rights and remedies provided by this Share Charge are cumulative and not exclusive of any rights or remedies provided by law.

#### 24.4 Unfettered Discretion

Any liberty or power which may be exercised or any determination which may be made under this Share Charge by the UK Security Trustee or any Receiver may, subject to the terms and conditions of the Credit Agreement, be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

#### 25 NOTICES; EFFECTIVENESS; ELECTRONIC COMMUNICATION

##### 25.1 Notices Generally

- (a) Except as provided in clause 25.2 (Electronic Communications), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier its address set forth on the signature pages below.
- (b) Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in clause 25.2 (Electronic Communications), shall be effective as provided in that clause.

**25.2 Electronic Communications** The UK Security Trustee or the Chargor may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Unless the UK Security Trustee otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

**25.3 Change of Address, Etc.** Any party hereto may change its address, e-mail address or telecopier number for notices and other communications hereunder by notice to the other parties hereto.

#### 26 GOVERNING LAW

This Share Charge shall be governed by, and construed in accordance with, English law.

#### 27 ENFORCEMENT AND JURISDICTION

**27.1 Submission to jurisdiction of courts of England**

The Chargor irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of England in any action or proceeding arising out of or relating to this Share Charge, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such English court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

**27.2 Submission to jurisdiction of courts of New York**

The Chargor irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Share Charge, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York state court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

**27.3 Other jurisdictions**

Nothing in this Share Charge shall affect any right that the UK Security Trustee, any Secured Party may otherwise have to bring any action or proceeding relating to this Share Charge or any other Loan Document against the Chargor or any other Loan Party or its properties in the courts of any jurisdiction.

**27.4 Waiver of venue**

The Chargor irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Share Charge or any other Loan Document in any court referred to in this clause 27 (Enforcement And Jurisdiction). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court and agrees not assert any such defense.

**27.5 Service of process** Each party hereto irrevocably consents to service of process in the manner provided for notices in clause 25 (Notices; Effectiveness; Electronic Communication). Nothing in this Share Charge will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

**27.6 Waiver of jury trial** Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Share Charge or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory). Each party hereto (a) certifies that no representative, administrative agent or attorney of any other person has represented, expressly or otherwise, that such other person would not, in the event of litigation, seek to enforce the foregoing

waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Share Charge and the other Loan Documents by, among other things, the mutual waivers and certifications in this section.

## **28 COUNTERPARTS AND EFFECTIVENESS**

### **28.1 Counterparts**

This Share Charge may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Share Charge. Transmission of an executed counterpart of this letter by fax or e-mail shall constitute effective delivery of that counterpart.

### **28.2 Effectiveness**

This Share Charge is intended to be a deed even if any party's execution is not in accordance with the formalities required for the execution of deeds. This Share Charge shall take effect and be delivered as a deed on the date on which it is stated to be made.

**This document has been executed as a deed by the Chargor and has been signed on behalf of the UK Security Trustee and is delivered and takes effect on the date stated at the beginning of it**

SCHEDULE 1

Shares

<b>Company Name and Number</b>	<b>Share Type</b>	<b>Number of Shares</b>	<b>Share Certificate Number</b>
Ferroatlantica International Limited	Ordinary £1 shares	100	2

## SIGNATURES

### The Chargor

**EXECUTED** as a deed by Óscar Robles Álvarez, a director for and on behalf of **GRUPO FERROATLÁNTICA, S.A.U.** in the presence of:

#### **Witness**

Signature :  
Name : Óscar Robles Álvarez  
Occupation : Financial Director  
Address : Paseo de la Castellana  
259-D, Floor 49, 28046  
Madrid, Spain

#### **Notices**

Address: London Office | 2nd Floor West Wing, Lansdowne House, 57 Berkeley Square, London, W1J 6ER, UK

Phone: +44 203 129 2420

Email: oscar.robles@ferroglobe.com and dorcas.murray@ferroglobe.com

Attention: Oscar Robles Alvarez and Dorcas Murray

**The UK Security Trustee**

**PNC BANK, NATIONAL ASSOCIATION**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Notices**

Address: PNC Bank, National Association, as Administrative Agent  
Fourth Floor  
500 First Avenue, MS P7-PFSC-04-I  
Pittsburgh, PA 15219

Fax: (001) 412 705 2400

Attention: Agency Services Loan Administration

**EXHIBIT 1.1(P)(2)**

**SPANISH PLEDGE AGREEMENT**  
**[See attached]**

---



Date/Fecha \_\_\_\_\_ 2018

[ ]  
Como Pignorante/as Pledgor

**PNC BANK, NATIONAL ASSOCIATION**  
Como Agente de Garantías/ as Security Agent

[ ]  
Como Entidades Acreditantes/ as Secured Parties

[ ]  
Como la Sociedad/ as the Company

---

**CONTRATO DE PRENDA SOBRE ACCIONES/ SHARES PLEDGE AGREEMENT**

---



Squire Patton Boggs (UK) LLP  
Plaza Marqués de Salamanca, 3-4  
28006 Madrid  
Spain

---

En Madrid, a [ ] de [ ] de 2018.

**REUNIDOS**

**DE UNA PARTE,**

[ ], sociedad existente y válidamente constituida de conformidad con las leyes de España, con domicilio en [ ], inscrita en el Registro Mercantil de [ ], y con número de identificación fiscal (N.I.F.) [ ], en vigor (“[ ]”). Actúa en su nombre y representación [ ], mayor de edad, de nacionalidad española, con documento nacional de identidad español (D.N.I.) número [ ], en vigor, debidamente facultado para este acto en su calidad de [ ], en virtud de la escritura pública otorgada ante el Notario de [ ] [ ] de fecha [ ] de [ ] de [ ], con número [ ] de su protocolo. En lo sucesivo, [ ] será denominado como el “**Pignorante**”.

**DE OTRA PARTE,**

**PNC BANK, NATIONAL ASSOCIATION**, sociedad existente y válidamente constituida de conformidad con las leyes de [ ], con domicilio social en [ ], inscrita en el Registro Mercantil de [ ] y con número de identificación fiscal (N.I.F.) [ ], en vigor (“**PNC**” o el “**Agente de Garantías**”). Actúa en su nombre y representación [ ], mayor de edad, de nacionalidad [ ], con número de [D.N.I./pasaporte] número [ ], en vigor, [y N.I.E. número [ ], en vigor,] debidamente facultado para este acto en su calidad de [ ], en virtud del poder otorgado ante Notario de fecha [ ], [ ], [ ].

Asimismo, el Agente de Garantías comparece y actúa en nombre propio y por cuenta y representación de las entidades acreditantes [ ], [ ], [ ], [ ], [ ], [ ] y [ ] (denominadas conjuntamente junto con PNC como las “**Entidades Acreditantes**”) en virtud de su designación como Agente de Garantías según lo dispuesto en la Cláusula [ ] del contrato de financiación formalizado el [ ] de [ ], de 2018 entre Ferroglobe PLC, PNC, [ ], [ ], [ ], [ ], [ ], [ ], Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. y FerroPem, S.A.S., entre otros, elevado a público con fecha [ ], de 2018, ante el Notario [ ], con número [ ] de su protocolo, así como en virtud de los apoderamientos señalados en el **Anexo 1**. En lo sucesivo las Entidades Acreditantes y el Agente de Garantías serán designados conjuntamente como las “**Partes Garantizadas**” y cada uno de ellos, de forma individual, como él o una “**Parte Garantizada**”.

In Madrid, on [ ], [ ] 2018.

**BETWEEN**

**ON ONE HAND,**

[ ], a company duly incorporated pursuant to the laws of Spain, with registered office located at [ ], registered with Commercial Registry of [ ], and with tax identification number (N.I.F.) [ ], in force (“[ ]”). It is duly represented by [ ], of legal age, Spanish nationality, with Spanish ID (D.N.I.) number [ ], in force, duly empowered for these purposes in his capacity as [ ], by virtue of the public deed granted before the Notary of [ ] [ ] dated on [ ] [ ] [ ], with number [ ] of his records. Hereinafter, [ ] will be referred to as the “**Pledgor**”.

**ON THE OTHER HAND,**

**PNC BANK, NATIONAL ASSOCIATION** (hereinafter, “**PNC**” or the “**Security Agent**”), a company duly incorporated under the laws of [ ], with registered office located at [ ], registered with Commercial Registry of [ ] and with Tax Identification Number [ ]. It is duly represented by [ ], of legal age, [ ] nationality, with [ID/Passport] of his nationality number [ ], in force, [and with foreign identification (N.I.E.) number [ ], in force], duly empowered for these purposes in his capacity as [ ], by virtue of the power of attorney granted before the Notary dated on [ ], [ ], [ ].

Likewise, the Security Agent appear and acts in his own name and on behalf of the lenders [ ], [ ], [ ], [ ], [ ] and [ ] (jointly referred together with PNC as the “**Lenders**”), by virtue of his appointment as Security Agent under Clause [ ] of the credit facility agreement signed on [ ] 2018 by and among Ferroglobe PLC, PNC, [ ], [ ], [ ], [ ], [ ], [ ], [ ], [ ], Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. and FerroPem, S.A.S., among others, raised into public deed on [ ] [ ] 2018, before the Notary public [ ], with number [ ] of his records, as well as by virtue of the power of attorney listed hereto as **Annex 1**. Hereinafter, the Lenders and the Security Agent shall be referred to jointly as the “**Secured Parties**” and each of them shall be referred to individually as a “**Secured Party**”.

**Y DE OTRA PARTE,**

[ ], sociedad existente y válidamente constituida de conformidad con las leyes de España, con domicilio en [ ], inscrita en el Registro Mercantil de [ ], y con número de identificación fiscal (N.I.F.) [ ], en vigor (“[ ]”). Actúa en su nombre y representación [ ], mayor de edad, de nacionalidad española, con documento nacional de identidad español (D.N.I.) número [ ], en vigor, debidamente facultado para este acto en su calidad de [ ], en virtud de la escritura pública otorgada ante el Notario de [ ] [ ] de fecha [ ] de [ ] de [ ], con número [ ] de su protocolo. En lo sucesivo, [ ] será denominado como la “**Sociedad**”<sup>1</sup>.

Asimismo, el Pignorante, la Sociedad y las Partes Garantizadas serán denominados, conjuntamente, como las “**Partes**”.

Las Partes se reconocen mutuamente la capacidad legal necesaria para la suscripción del presente acuerdo y, a tal efecto,

**EXPONEN**

I. Que, con fecha de [ ] de [ ] de 2018, PNC en su calidad de Entidad Acreditante y Agente de Garantías, las Entidades Acreditantes, Ferroglobe PLC como acreditada (la “**Acreditada**”), Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. y FerroPem, S.A.S. en calidad de garantes (los “**Garantes**” y conjuntamente con la Acreditada, las “**Partes Financieras**”) entre otros, han suscrito un contrato de financiación (*Credit Agreement*) por importe máximo de USD 250.000.000, sujeto a la legislación del estado de Nueva York, Estados Unidos de América (en adelante, tal y como sea novado, modificado o suplementado en cada momento, el “**Contrato de Financiación**”), en virtud del cual se han concedido diversas facilidades crediticias a la Acreditada. El Contrato de Financiación fue elevado a público con fecha [ ], de 2018, ante el Notario [ ], con número [ ] de su protocolo.

**AND ON THE OTHER HAND,**

[ ], a company duly incorporated pursuant to the laws of Spain, with registered office located at [ ], registered with Commercial Registry of [ ], and with tax identification number (N.I.F.) [ ], in force (“[ ]”). It is duly represented by [ ], of legal age, Spanish nationality, with Spanish ID (D.N.I.) number [ ], in force, duly empowered for these purposes in his capacity as [ ], by virtue of the public deed granted before the Notary of [ ] [ ] dated on [ ] [ ] [ ], with number [ ] of his records. Hereinafter, [ ] will be referred to as the “**Company**”.

Likewise, the Pledgor, the Company and the Secured Parties shall be jointly referred to as the “**Parties**”.

The Parties mutually acknowledge that they have sufficient legal capacity to enter into this agreement and, to this effect,

**RECITALS**

I. Whereas, on [ ] [ ], 2018, PNC as Lender and Security Agent, the Lenders, Ferroglobe PLC as borrower (the “**Borrower**”), Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. and FerroPem, S.A.S. as guarantors (the “**Guarantors**” and together with the Borrower the “**Loan Parties**”), among others, have entered into a credit facility agreement up to the maximum amount of USD 250,000,000, under the laws of the state of New York, United States of America (hereinafter, as it may be amended, novated or supplemented from time to time, the “**Credit Agreement**”) under which certain credit facilities have been granted to the Borrower. The Credit Agreement was raised into public deed on [ ] [ ] 2018, before the Notary public [ ], with number [ ] of his records.

---

<sup>1</sup> Determinadas sociedades filiales de los Garantes no comparecerán en la póliza de Prenda sobre Acciones, y serán notificadas por conducto notarial de la constitución de la Prenda a fin de que inscriban la misma en el Libro Registro de Acciones Nominativas.

- II. Que, con fecha [ ] de [ ] de 2018, el Agente de Garantías, Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. y FerroPem, S.A.S., entre otros, han suscrito un contrato de garantía (*Continuing Agreement of Guaranty and Suretyship*), en virtud del cual los Garantes han accedido a garantizar como obligado principal los importes adeudados por la Acreditada bajo el Contrato de Financiación (el “**Contrato de Garantía**”). El Contrato de Garantía fue elevado a público con fecha [ ], de 2018, ante el Notario [ ], con número [ ] de su protocolo.
- III. Que, el Pignorante es titular en pleno dominio de [ ] acciones de [ ] euro de valor nominal cada una, números de la [ ] a la [ ], ambas inclusive (las “**Acciones**”) de la Sociedad las cuales se encuentran íntegramente suscritas y desembolsadas, libres de cargas y gravámenes y/o de cualesquiera derechos de terceros. Las Acciones pertenecen al Pignorante en virtud de [ ].
- IV. Que, el otorgamiento de ciertas garantías, incluyendo la creación de un derecho real de prenda de primer rango sobre las Acciones de la Sociedad se ha establecido como una condición precedente bajo el Contrato de Financiación.
- V. Que, a tal efecto, con objeto de garantizar el íntegro y puntual cumplimiento de la totalidad de las obligaciones asumidas por las Partes Financieras bajo el Contrato de Financiación y el Contrato de Garantía, el Pignorante está de acuerdo en otorgar una prenda de primer rango sobre la totalidad de las Acciones de la Sociedad a favor de las Partes Garantizadas (la “**Prenda**”).
- VI. Que, según lo expuesto, las Partes convienen suscribir el presente contrato de prenda (en lo sucesivo, el “**Contrato de Prenda**” o el “**Contrato**”), que se registrará por las siguientes
- II. Whereas, on [ ] [ ], 2018, the Security Agent, Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. and FerroPem, S.A.S, among others, have entered into a continuing agreement of guaranty and suretyship, under which the Guarantors have agreed to secure as primary obligor, the amounts owed by the Borrower under the Credit Agreement (the “**Guaranty Agreement**”). The Guaranty Agreement was raised into public deed on [ ] [ ] 2018, before the Notary public [ ], with number [ ] of his records.
- III. Whereas, the Pledgor owns in full domain [ ] shares of Euro [ ] par value each, number [ ] to [ ], including both (the “**Shares**”) of the Company which are fully subscribed and paid, free from any lien, encumbrance or third party right. The Shares are owned by the Pledgor pursuant to [ ].
- IV. Whereas, the granting of certain security, including the creation of a first ranking pledge over the Company’s Shares, it has been set out as a condition precedent under the Credit Agreement.
- V. Whereas, to this purpose, as security of the punctual and full performance of all the obligations assumed by the Loan Parties under the Credit Agreement and the Guaranty Agreement, the Pledgor agrees to grant a first ranking pledge over the Shares of the Company in favor of the Secured Parties (the “**Pledge**”).
- VI. That, in light of the above, the Parties have agreed to execute this pledge agreement (the “**Pledge Agreement**”, or the “**Agreement**”) which will be governed by the following

## CLÁUSULAS

### 1. INTERPRETACIÓN Y DEFINICIONES

Los términos que aparecen en mayúsculas en el presente Contrato tendrán el significado que aquí se establece:

“**Agente de Garantías**” significa PNC Bank, National Association.

“**Contrato de Financiación**” tendrá el significado referido en el Expositivo I anterior.

“**Contrato de Garantía**” significa el Contrato Continuado de Garantía y Afianzamiento referido en el Expositivo II anterior.

“**Documentos de la Financiación**” significa el presente Contrato, el Contrato de Garantía, el Contrato de Financiación, así como cualesquiera otros documentos que noven, clarifiquen, rectifiquen o sustituyan los documentos anteriormente mencionados.

“**Entidades Acreditantes**” significa PNC, [ ], [ ], [ ], [ ], [ ], [ ] y [ ].

## CLAUSES

### 1. DEFINITIONS AND INTERPRETATION

Capitalised terms shall have the meanings as set out herein:

“**Security Agent**” means PNC Bank, National Association.

“**Credit Agreement**” shall have the meaning described in Recital I above.

“**Guaranty Agreement**” means the Continuing Agreement of Guaranty and Suretyship described in Recital II above.

“**Loan Documents**” means this Agreement, the Guaranty Agreement, the Credit Agreement, as well as any other documents that amend, clarify, rectify or replace the aforementioned documents.

“**Lenders**” means PNC [ ], [ ], [ ], [ ], [ ], [ ] and [ ].

**“Obligaciones Garantizadas”** significa todas las obligaciones de pago presentes y futuras adeudadas por la Acreditada o los Garantes a todas o cualquiera de las Partes Garantizadas bajo los Documentos de Financiación, incluyendo (a) en la medida en que surja de conformidad con el Contrato de Financiación o cualquiera de los Documentos de la Financiación, todos y cada uno de los préstamos, anticipos, deudas, responsabilidades y obligaciones, adeudadas a las Partes Garantizadas en cualquier capacidad, de cualquier tipo o naturaleza, presentes o futuros (ya sea en el capital principal, intereses, honorarios, costes, gastos, comisiones, accesorios y otros importes adeudados, evidenciados o no mediante pagare, garantía u otro instrumento, ya sea o no para el pago de dinero), absolutas o contingentes, mancomunados o solidarias, vencidas o próximas a su vencimiento, presentes o surgidas en el futuro, contractuales o perjudiciales, liquidadas o sin liquidar, independientemente de cómo surja dicho endeudamiento o responsabilidad, o si se evidencia por cualquier acuerdo o instrumento, (b) todos y cada uno de los importes vencidos en virtud del Derivado de Cobertura sobre Divisa Extranjera (según este término se define en el Contrato de Financiación) y/o el Derivado del Tipo de Interés (según se define en el Contrato de Financiación) y (c) cualquier cantidad adeudada bajo cualquier otro Producto de Servicios Financieros Otorgado por Otra Entidad Acreditante, todo ello según lo definido en el Contrato de Financiación. Sin perjuicio de cualquier disposición contraria establecida en lo anterior, las Obligaciones Garantizadas no incluirán ningún Pasivo de Cobertura Excluido, tal como se define en el Contrato de Financiación.

**“Secured Obligations”** means all present and future payment obligations and liabilities owed by the Company or the Guarantors to all or any of the Secured Parties under the Loan Documents, including (a) to the extent arising pursuant to or in connection with the Credit Agreement or any other Loan Documents, any and all loans, advances, debts, liabilities and obligations owed to the Secured Parties in any capacity whatsoever, of any kind or nature, present or future (whether in principal, interest, fees, costs, expenses, commissions, accessories and other amounts due, whether or not evidenced by a note, guaranty or other instrument, whether or not for the payment of money), absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, contractual or tortious, liquidated or unliquidated, regardless of how such indebtedness or liabilities arise or whether evidenced by any agreement or instrument, (b) any and all amounts due under any and all Foreign Currency Hedge (as defined in the Credit Agreement) and/or Interest Rate Hedge (as defined in the Credit Agreement) and (c) any amounts due under any Other Lender Provided Financial Service Product, all as further defined in the Credit Agreement. Notwithstanding anything to the contrary contained in the foregoing, the Secured Obligations shall not include any Excluded Hedge Liabilities, as defined in the Credit Agreement.

“**Partes Financieras**” significa Ferroglobe PLC, Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. y FerroPem, S.A.S.

“**Loan Parties**” means Ferroglobe PLC, Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. and FerroPem, S.A.S.

“**Partes Garantizadas**” PNC, [ ], [ ], [ ], [ ], [ ], [ ] y [ ].

“**Secured Parties**” means PNC [ ], [ ], [ ], [ ], [ ], [ ] and [ ].

“**Supuesto de Ejecución**” significa lo dispuesto en la Cláusula 10.1 siguiente.

“**Enforcement Event**” has the meaning given under Clause 10.1 below.

“**Supuesto de Incumplimiento**” significa lo dispuesto en la cláusula 9 (*Event of Default*) del Contrato de Financiación.

“**Event of Default**” has the meaning given under clause 9 (*Event of Default*) of the Credit Agreement.

## 2. CONSTITUCIÓN DE PRENDA DE PRIMER RANGO

## 2. CREATION OF A FIRST RANKING PLEDGE

2.1 En garantía del íntegro y puntual cumplimiento de las Obligaciones Garantizadas y sin perjuicio de la responsabilidad patrimonial universal del Pignorante prevista en el artículo 1.911 del Código civil que no se entiende limitada en modo alguno por el otorgamiento de la Prenda, el Pignorante constituye un derecho real de prenda de primer rango sobre la totalidad de las Acciones de la Sociedad a favor de las Partes Garantizadas, que lo aceptan, en garantía del cumplimiento de las Obligaciones Garantizadas. El Agente de Garantías acepta expresamente el derecho real de prenda en su propio nombre y derecho y en nombre y representación de los restantes Partes Garantizadas.

2.1 As security of full and timely fulfilment of all the Secured Obligations, and without prejudice to the general liability (responsabilidad patrimonial universal) of the Pledgor under section 1,911 of the Spanish Civil Code, which shall not be limited in any way by the creation of this Pledge, the Pledgor hereby grants a first ranking in rem right of pledge over the all the Shares of the Company in favor of the Secured Parties, which accept the pledge granted in their favor, as security for the fulfillment of the Secured Obligations. The Security Agent hereby expressly accepts the creation of the in rem right of pledge in its own name and in name and on behalf of the Secured Parties.

2.2 La Prenda constituida en virtud del presente contrato se constituye como prenda con desplazamiento posesorio de conformidad con los artículos 1.857 y 1.865 del Código Civil, por lo que la Prenda será plenamente eficaz y oponible frente a terceros y frente a la Acreditada y los Garantes desde el momento del otorgamiento de la presente Prenda.

2.2 The Pledge created in this document is a pledge with transfer of possession (*prenda con desplazamiento*) under sections 1,857, and 1,865 of the Spanish Civil Code, so that the Pledge will be fully effective and enforceable against third parties and against the Borrower or the Guarantors from the time upon the granting of this Pledge.

### 3. ENTREGA DE LA POSESIÓN

- 3.1 A los efectos previstos en el artículo 1863 del Código Civil, el Pignorante procede en este acto a la entrega en depósito al Agente de Garantías del título múltiple representativo de las Acciones, debidamente endosado en garantía con la intervención del Notario interviniente, haciendo constar el Notario interviniente en el título múltiple las correspondientes diligencias notariales relativas a la constitución de la Prenda. El Agente de Garantías se compromete a conservar y custodiar dicho título múltiple de las Acciones de la Sociedad y a devolvérselos al Pignorante en el momento en que proceda a la cancelación de la Prenda en los términos previstos en la Cláusula 12 posterior. Se adjunta como **Anexo 2** copia del título múltiple de las Acciones.
- 3.2 La Sociedad, compareciente en este acto, toma razón de la constitución de la Prenda a favor de las Partes Garantizadas, y hace entrega en este acto al Agente de Garantías, de un certificado emitido por persona con facultad certificante de la Sociedad, conforme al modelo adjunto como **Anexo 3**, en el que, entre otros, certifica la anotación de la Prenda en el Libro Registro de Acciones Nominativas de la Sociedad.

### 4. INDIVISIBILIDAD DE LA PRENDA

- 4.1 La Prenda que se constituye a favor de las Partes Garantizadas garantiza el íntegro y total cumplimiento de la totalidad de las Obligaciones Garantizadas.
- 4.2 La Prenda y el ejercicio de la acción real pignoraticia que lleva aparejada se entienden sin perjuicio de las obligaciones que para la Acreditada y los Garantes se derivan de los Documentos de la Financiación, que no se entienden limitadas en modo alguno por la constitución de la Prenda.

### 3. DELIVERY OF POSSESSION

- 3.1 As regards article 1863 of the Spanish Civil Code, the Pledgor hereby proceeds to deliver in deposit to the Security Agent the Company's Shares certificate representative of the Shares, duly endorsed in guarantee with the intervention of the appearing Notary that includes the relevant notarial statements in the Company's Shares certificate regarding the creation of the Pledge. The Security Agent undertakes to keep and preserve the Company's Shares certificate and to return them back to the Pledgor on the date of the release of this Pledge pursuant to Clause 12 below. A copy of the Company's Shares certificate is attached hereto as **Anexo 2**.
- 3.2 The Company hereby acknowledges the granting of the Pledge in favor of the Secured Parties and provides the Security Agent with a certificate in accordance with **Anexo 3** issued by a person with certifying authorities, in which the Company certifies, among others that the Pledge has been registered within the Company's Share Registry.

### 4. INDIVISIBILITY OF THE PLEDGE

- 4.1 The Pledge granted for the benefit of the Secured Parties secures the payment and discharge of all of the Secured Obligations.
- 4.2 The Pledge and the exercise of the pledge enforcement attached will be deemed to be without prejudice to the obligations assumed by the Borrower and the Guarantors under the Loan Documents, which shall not be limited whatsoever by the creation of this Pledge.



4.3 La Prenda tiene el carácter de indivisible. En consecuencia, cada una de las Acciones de la Sociedad garantiza el íntegro cumplimiento de las Obligaciones Garantizadas. El cumplimiento parcial de las Obligaciones Garantizadas no extinguirá proporcionalmente la Prenda, que sólo se cancelará una vez que hayan sido íntegramente satisfechas la totalidad de las Obligaciones Garantizadas.

## 5. EXTENSIÓN DE LA PRENDA

### 5.1 Sustitución de activos

- (a) La Prenda se extenderá y comprenderá cualesquiera títulos, valores, derechos, activos (materiales o inmateriales), acciones o fondos que sustituyan, se intercambien o correspondan a cualesquiera de las Acciones en el caso de fusión, disolución, ampliación o reducción de capital social, conversión o canje, transformación, escisión, redención, o cualesquiera otras circunstancias similares que afecten a la Sociedad o a las Acciones. Las referencias a las Acciones objeto de Prenda en este Contrato serán aplicables a cualquiera títulos, valores, activos o fondos que las sustituyan o correspondan en cada momento;
- (b) El Pignorante informará al Agente de Garantías tan pronto como se haya producido cualquiera de las circunstancias mencionadas en el párrafo anterior;
- (c) Sin perjuicio de que la extensión de la Prenda operará de manera automática cuando ocurra cualquiera de las circunstancias descritas anteriormente, el Pignorante se compromete a otorgar cuantos documentos públicos o privados sean necesarios a los efectos de perfeccionar y evidenciar dicha extensión en un plazo de un (1) mes desde el momento en el que tenga lugar cualquiera de las circunstancias anteriores;
- (d) En el supuesto de que la Prenda se extienda a dinero o derechos de crédito convertibles en dinero, el Pignorante se compromete a depositar dichos importes en una cuenta bancaria abierta a nombre del Pignorante en la entidad bancaria designada por el Agente de Garantías o una cuenta ya pignorada a favor del Agente de Garantías o una entidad designada por éste y a otorgar un derecho real de prenda sobre los derechos de crédito derivados de dicha cuenta bancaria a favor de las Partes Garantizadas en garantía de las Obligaciones Garantizadas; y

4.3 This Pledge is granted with an indivisible nature. Consequently, each of the Company Shares secures the full payment and discharge of all of the Secured Obligations. The partial discharge of the Secured Obligations will not proportionally extinguish the Pledge, which may only be cancelled after the Secured Obligations are discharged in full.

## 5. EXTENSION OF THE PLEDGE

### 5.1 Substitution of assets

- (a) The Pledge shall extend to and comprise any instruments, securities, rights, assets (whether tangible or intangible), shares or funds which may substitute, be exchangeable for or be attached to any of the Shares in the event of merger, winding-up, increase or decrease of share capital, conversion or exchange, transformation, spin-off, de-merger, redemption or any other similar circumstances affecting the Company or the Shares. Any reference made in this Agreement to the Shares subject to Pledge shall be deemed to include all such instruments, securities, assets or funds that may substitute or be attached to them at any time;
- (b) The Pledgor shall inform the Security Agent as soon as any of the events outlined in the previous paragraph takes place;
- (c) Without prejudice to the extension of the Pledge operating automatically upon the occurrence of any of the events described above, the Pledgor undertakes to execute all such public and/or private documents which may be necessary for the purposes of perfecting and evidencing such extension within one (1) month following the occurrence of any of such events above;
- (d) In the event that the Pledge extends to cash or to credit rights which may be converted into cash, the Pledgor undertakes to deposit such amounts in a bank account in the name of the Pledgor opened with the bank indicated by the Security Agent, or in a bank account which has already been pledged in favor of the Security Agent, or with an entity designated by him and to grant an in rem right of pledge over the credit rights arising from such bank account in favor of the Secured Parties securing the Secured Obligations; and

## 5.2 Aumentos de capital

En el caso de que se produjera un aumento de capital de conformidad con lo previsto en el párrafo anterior, las Partes expresamente acuerdan que:

- (a) El Pignorante se compromete a que las Acciones pignoradas en favor de las Partes Garantizadas representen en todo momento el [ ]% del capital social de la Sociedad, debiendo en caso de aumento de capital social ejercitar su derecho de suscripción preferente sobre cuantas acciones de nueva emisión sean necesarias con el fin de que el porcentaje del Pignorante en el capital social de la Sociedad no se vea reducido;
- (b) El Pignorante no acordará la exclusión del derecho de adquisición preferente en relación con las acciones que se creen como resultado del aumento de capital;
- (c) El Pignorante deberá ejercitar su derecho de suscripción preferente sobre todas las nuevas acciones y la Prenda creada por el presente Contrato se extenderá a las nuevas acciones creadas. A tal efecto, el Pignorante se compromete incondicional e irrevocablemente a pignorarlas a favor de las Partes Garantizadas en los mismos términos y condiciones que las incluidas en este Contrato, observando para ello las formalidades y los plazos incluidos en el párrafo siguiente; y
- (d) Las nuevas acciones deberán quedar pignoradas en los mismos términos y condiciones establecidos en la presente Prenda, para lo cual el Pignorante se compromete:
  - Elevar dicho acuerdo y su ejecución a escritura pública ante el Notario que libremente designen o, en su defecto, ante el designado por el Agente de Garantías, dentro de los quince (15) días hábiles siguientes a la adopción del acuerdo;

## 5.2 Capital increases

Subject to the provisions in the preceding paragraph, in the event of a capital increase of the Company, the Parties expressly agree that

- (a) The Pledgor undertakes that the Shares pledged in favor of the Secured Parties represent [ ]% of the capital of the Company at all times, having to exercise in case of a capital increase its preemption right in relation to any newly issued shares that may be necessary, so that the percentage of the Pledgor's participation in the share capital of the Company is not reduced;
- (b) The Pledgor shall not resolve to exclude the pre-emption rights in relation to the shares created as a result of the capital increase;
- (c) The Pledgor shall exercise its pre-emptive right over the newly created shares and the Pledge created under this Agreement shall extend to the newly created shares. To that effect, the Pledgor hereby unconditionally and irrevocably undertakes to pledge them in favor of the Secured Parties in the same terms and conditions as those included in this Agreement, complying with the formalities and timeframes set out in paragraph below; and
- (d) The new shares shall be pledged under the same terms and conditions set out herein, so that the Pledgor undertakes to:
  - Formalise the resolution and its execution in a public deed granted before the Notary public that they freely designate or, in its absence, before the Notary public designated by the Security Agent within fifteen (15) business days following the adoption of the resolution;

- Presentar la escritura en el Registro Mercantil correspondiente dentro de los quince (15) días hábiles siguientes a la liquidación de los tributos;
  - Inscribir las nuevas acciones a nombre del Pignorante en el Libro de Registro de Acciones Nominativas de la Sociedad dentro de los diez (10) días hábiles siguientes a la inscripción del aumento de capital en el Registro Mercantil competente;
  - Una vez realizadas todas las actuaciones anteriores y dentro de los quince (15) días hábiles siguientes a la inscripción de las nuevas acciones en el Libro de Registro de Acciones Nominativas de la Sociedad, el Pignorante y la Sociedad formalizarán la extensión de la Prenda en documento público ante el Notario que libremente designen o, en su defecto, ante el designado por el Agente de Garantías, de forma que las nuevas acciones queden pignoradas en los mismos términos y condiciones que las del presente Contrato; y
  - La Sociedad se hará cargo en todo momento de los gastos, honorarios, aranceles y tributos correspondientes.
- Submit the deed for registration with the relevant Mercantile Registry within fifteen (15) business days following the payment of taxes;
  - Register the new shares in the name of the Pledgor in the Company's Share Registry within ten (10) business days following the registration with the relevant Mercantile Registry of the share capital increase;
  - Once all the above acts have been carried out, and within fifteen (15) business days following the registration of the new shares in the Company's Share Registry, the Pledgor and the Company shall formalise the extension of the Pledge in a public document before the Notary public they freely designate or, in its absence, before the Notary public freely designated by the Security Agent, so that the new shares are pledged in the same terms and conditions as those set out in this Agreement; and
  - The Company shall bear all applicable expenses, fees, duties and taxes.

Las Partes Garantizadas aceptan en este acto cualquier prenda sobre nuevas acciones de la Sociedad que pueda constituir la Pignorante en cumplimiento de lo dispuesto en esta Cláusula.

The Secured Parties accepts hereby any pledge over new shares of the Company which the Pledgor may create in accordance with the present Clause.

El Agente de Garantías estará facultado para ser parte y otorgar cualquier documento complementario en beneficio de las Partes Garantizadas, independientemente del derecho individual de cada Parte Garantizada a ser parte y suscribir el documento complementario mencionado junto con el Agente de Garantías.

The Security Agent shall be entitled to appear and execute such supplementary document for the benefit of the Secured Parties, irrespective of the right of each particular Secured Party to appear and execute the aforesaid supplementary document along with the Security Agent.

## 6. INDISPONIBILIDAD DE LAS ACCIONES

6.1 En tanto subsista la Prenda, el Pignorante se obliga a no vender las Acciones de la Sociedad, ni transmitir las, ni cederlas, ni canjearlas, ni gravarlas, ni disponer de ellas de cualquier otra manera, ni constituir ningún derecho de opción o restricción a su libre transmisibilidad en caso de ejecución de la Prenda, salvo que se encuentre permitido de acuerdo con los Documentos de la Financiación y con sujeción a los términos y condiciones establecidos en los mismos, o salvo que sea expresa y previamente autorizado por escrito por las Partes Garantizadas.

6.2 Asimismo, en tanto subsista la Prenda, el Pignorante se obliga a no reducir el capital social de la Sociedad salvo que, (a) se encuentre permitido de conformidad con los Documentos de la Financiación o (b) la Sociedad esté obligada legalmente a realizar dicha reducción de capital a los efectos de reequilibrar el patrimonio social de la Sociedad sin que haya devoluciones de aportaciones a sus accionistas.

## 7. OBLIGACIONES DEL PIGNORANTE Y DE LA SOCIEDAD

Durante la vigencia de la Prenda, el Pignorante se compromete a:

- (a) No hacer ni permitir que se haga nada que perjudique la Prenda ni que la convierta en inválida o inejecutable o menoscabe de cualquier manera su eficacia y, en general, se abstendrá de cualquier acto u omisión que pudiera perjudicar los derechos otorgados a favor de las Partes Garantizadas;
- (b) Que las Acciones de la Sociedad pignoradas por medio de esta Prenda representen en cada momento el [ ]% del capital social de la Sociedad;
- (c) No constituir ninguna carga, gravamen derecho de opción o restricción a su libre transmisibilidad distinto de los establecidos legalmente y en el presente Contrato, salvo que esté permitido bajo los Documentos de la Financiación;

## 6. NON-TRANSFERABILITY OF THE SHARES

6.1 During the term of this Pledge, the Pledgor undertakes not to sell, nor transfer, nor assign, nor substitute, nor encumber, nor charge or in any manner dispose of the Company Shares nor to create any option right or restriction on their free transferability in the event of enforcement of the Pledge, unless it allowed under the Loan Documents and subject to the terms and conditions contained therein, or it is previously authorised in writing by the Secured Parties.

6.2 Likewise, during the term of this Pledge, the Pledgor undertakes not to decrease the share capital of the Company unless, (a) it is permitted under the Loan Documents or (b) the Company is obliged under the law to complete such capital reduction for the purposes of rebalancing its equity and without reimbursing any contributions to its shareholders.

## 7. OBLIGATIONS OF THE PLEDGOR AND OF THE COMPANY

While this Pledge is in force, the Pledgor undertakes:

- (a) To not cause or permit any action that may affect the Pledge, nor that make it invalid or unenforceable or affects in any way its effectiveness and, in general, shall refrain from any act or omission that could affect the rights granted in favor of the Secured Parties;
- (b) That the Company's Shares pledged hereunder represent [ ]% of the share capital of the Company;
- (c) To not to create any lien, encumbrance, option right or restriction on their free transferability other than those established by law and in this Agreement save as permitted under the Loan Documents;

- (d) Notificar al Agente de Garantías sobre cualquier situación que pueda conducir a un procedimiento concursal que implique la imposibilidad del Pignorante para cumplir sus obligaciones;
- (e) El Pignorante y la Sociedad se comprometen a legalizar telemáticamente su Libro de Registro de Acciones Nominativas, haciendo constar en el mismo la Prenda, anualmente y dentro del plazo de cuatro (4) meses desde el cierre de su ejercicio social y la prohibición de disponer constituidas en virtud de esta Prenda, y a acreditar documentalmente al Agente de Garantías que dicha legalización se ha producido;
- (f) Mantener o hacer que se mantengan en todo momento el derecho de prenda y la garantía sobre las Acciones, así como la prioridad y rango de las mismas y la atribución a las Partes Garantizadas en los estatutos, si fuera aplicable, de los derechos políticos en caso que tenga lugar un Supuesto de Ejecución de la Prenda;
- (g) No crear, ni permitir que subsista ninguna garantía, carga o gravamen de ningún tipo distinto de la Prenda sobre las Acciones, así como no realizar ninguna actuación prohibida bajo los Documentos de la Financiación, ni bajo este Contrato; y
- (h) No llevar a cabo ninguna fusión, escisión, reestructuración o reorganización societaria, salvo en los supuestos permitidos en los Documentos de la Financiación.<sup>2</sup>
- (d) To notify the Security Agent of any situation that could lead to a formal insolvency proceeding (*procedimiento concursal*) involving the Pledgor or that may imply the inability of the Pledgor to fulfil its obligations;
- (e) The Pledgor and the Company undertake to electronically legalise their respective Company's Share Registry including this the Pledge, annually and within the period of four (4) months upon the closing of the financial year, and the prohibition to dispose of this created by virtue of this Pledge, and to certify to the Security Agent that this legalisation has occurred;
- (f) To maintain or cause to be maintained at all times the right of pledge and the security over the Shares, as well as the priority and Rank of the same, and the allocation on the Secured Parties in the by-laws of the Company, if applicable, of the exercise of the political rights upon the occurrence of an Enforcement Event of the Pledge;
- (g) Not to create nor permit to subsist any security, lien or encumbrance of any kind, other than the Pledge, over the Shares nor do anything else prohibited under the Credit Agreement or this Agreement; and
- (h) Not to enter into any merger, demerger, consolidation or corporate reconstruction, except as permitted under the Loan Documents.

## 8. EJERCICIO DE LOS DERECHOS DE ACCIONISTA

8.1 En tanto no haya acaecido un Supuesto de Incumplimiento, notificado a la Acreditada y los Garantes conforme a lo establecido en la Cláusula 9 (*Event of Default*) del Contrato de Financiación corresponderá al Pignorante de conformidad con el artículo 132 de la Ley de Sociedades de Capital:

## 8. EXERCISE OF THE SHAREHOLDER'S RIGHTS

8.1 As long as an Event of Default has not occurred and been duly notified to the Borrower and the Guarantors according to Clause 9 (*Event of Default*) of the Credit Agreement, the Pledgor, under section 132 of the Spanish Companies Act, will be entitled to:

---

<sup>2</sup> Supuesto que enlaza con lo dispuesto en la cláusula 8.2.6 del Credit Agreement.

- (a) el ejercicio de los derechos políticos o de voto en relación con las Acciones de la Sociedad; y
  - (b) obtener y retener los derechos económicos correspondientes a las Acciones de la Sociedad (incluyendo dividendos, intereses, frutos o rendimientos de cualquier clase).
- (a) exercise the voting rights attached to the Company Shares; and
  - (b) retain and receive the economic rights attached to the Company Shares (including, dividends, interests or any other return).

**8.2** El Pignorante ejercerá los derechos políticos correspondientes a las Acciones de la Sociedad de forma coherente con el cumplimiento de los términos de los Documentos de la Financiación. En todo caso, el Pignorante no podrá ejercer los derechos políticos correspondientes a las Acciones de la Sociedad de manera que sea perjudicial para la validez o ejecución de la Prenda.

**8.2** The Pledgor shall exercise the voting rights attached to the Company Shares in accordance and in compliance with the provisions of the Loan Documents. In any case, the Pledgor may not exercise, the voting rights attached to the Company Shares in a manner prejudicial to the validity or enforceability of the Pledge.

**8.3** Desde que tenga lugar un Supuesto de Incumplimiento y hasta que el mismo no sea subsanado o dispensado por el Agente de Garantías, el ejercicio de los derechos políticos y económicos correspondientes a las Acciones de la Sociedad (incluyendo dividendos, intereses, frutos o rendimientos de cualquier clase) podrán ser ejercitados por el Agente de Garantías.

**8.3** Upon the occurrence of an Event of Default and until such Event of Default is not remedied or waived by the Security Agent, the exercise of any voting and economic rights (including, dividends, interests or any other return) in respect of the Company Shares may be exercised by the Security Agent.

En tales circunstancias, el Agente de Garantías podrá ejercitar los derechos políticos y económicos inherentes a las Acciones de la Sociedad en el interés social y con la diligencia exigible a un ordenado empresario. En tal caso, las cantidades que puedan ser distribuidas y que correspondan al Pignorante (ya sea como dividendos o de cualquier otra manera permitida en derecho), quedarán afectas al pago (hasta donde alcance el importe de tales dividendos o derechos) de las Obligaciones Garantizadas del Contrato de Financiación.

In such circumstances, the Security Agent may exercise the voting and economic rights attached to the Company Shares for the benefit of Company according to the standard business practice. In such a case, the amounts that may be distributed and which correspond to the Pledgor (as dividends or as any other form admitted by law), will be subject to the payment (up to the amount of the mentioned dividends or rights) of the Secured Obligations of the Credit Agreement.

**8.4** Con objeto de permitir al Agente de Garantías el ejercicio de los derechos económicos y políticos de las Acciones, en caso de que se produzca un Supuesto de Incumplimiento notificado por parte del Agente de Garantías a la Acreditada, el Pignorante dentro de los quince (15) días hábiles siguientes tras dicha notificación, deberá adoptar las actuaciones que sean oportunas a fin de que la Sociedad eleve a público el acuerdo relativo a la introducción de un nuevo artículo en los estatutos de la Sociedad, mediante la inclusión del siguiente texto (en caso de que los estatutos de la Sociedad no previeran una disposición en términos similares):

**8.4** With the purpose of allowing the Security Agent to exercise the economic and political rights attached to the Shares, if an Event of Default occurs, having been notified by the Security Agent to the Borrower, the Pledgor within fifteen (15) business days following such notification, shall adopt the actions that may be convenient so that the Company raise into public deed the Company's resolution to introduce a new article under the Company's by-laws, by including the following text (in case that the by-laws of the Company do not foresee such a clause as per terms similar to the terms below):

*"En caso de prenda de acciones, corresponderán al Agente de Garantías los derechos de accionista correspondientes a las acciones pignoradas desde el momento en que se notifique por conducto notarial al pignorante y a la sociedad la existencia de un supuesto de incumplimiento de las Obligaciones Garantizadas bajo los Documentos de la Financiación, siempre y cuando (i) se haya admitido a trámite la ejecución judicial de la prenda; o (ii) en el caso de ejecución notarial, se acredite fehacientemente la citación del deudor. En tanto tal notificación no se produzca, los derechos de accionista corresponderán al accionista pignorante."*

Si la inscripción de la mencionada modificación estatutaria se hubiera denegado por el Registro Mercantil, las Partes Garantizadas y el Pignorante negociarán una redacción alternativa al objeto de dotar de efectividad el espíritu de la misma y el Pignorante deberá llevar de nuevo a cabo las actuaciones indicadas en el párrafo anterior a la mayor brevedad respecto de la modificación revisada del artículo de los estatutos de la Sociedad.

- 8.5** El Pignorante se compromete expresa e irrevocablemente a no realizar modificaciones estatutarias que sean contrarias a los Documentos de la Financiación y/o que tengan como finalidad el establecimiento de restricciones al ejercicio de derechos políticos y económicos inherentes a las Acciones de la Sociedad y/o que tengan como finalidad el establecimiento de restricciones a la libre transmisibilidad de las mismas en caso de ejecución de la presente Prenda (tales como derechos de tanteo o de adquisición preferente a favor de la propia sociedad o sus accionistas en caso de ejecución de prenda), sin perjuicio de lo previsto en el artículo 125 de la Ley de Sociedades de Capital.

*"In the event that the shares are pledged, shareholder rights attached to the pledged shares shall belong to the Security Agent from the moment the pledgor and the company are notified through a notary of the occurrence of an event of default of the Secured Obligation under the Loan Documents, provided that (i) judicial enforcement of the pledge has been initiated; or (ii) in the event of notarial enforcement, provided that the debtor has been duly summoned. Until such notification takes place shareholder rights shall belong to the pledgor shareholder."*

In the event that registration of the abovementioned amendment is rejected by the Mercantile Registry, the Secured Parties and the Pledgor shall negotiate an alternative wording to reflect the spirit of the amendment and the Pledgor shall thereafter promptly carry out again the acts set out in the preceding paragraph in respect of the revised amendment to article of the Company's by-laws.

- 8.5** The Pledgor expressly and irrevocably undertakes not to adopt amendments of the bylaws of the Company which are opposed to the terms of the Loan Documents and/or are done for the purposes of setting forth thereunder restrictions to the exercise of the voting and economic rights attached to the Company Shares and/or are done for the purposes of setting forth thereunder restrictions to the free transferability of the company Shares in case of the enforcement of the Pledge (as pre-emption rights and pre-emptive acquisition rights in favor of the Company in case of enforcement of pledge), without prejudice of article 125 of the Spanish Companies Act.

- 8.6** Además, el Pignorante expresa e irrevocablemente renuncia por la presente, en beneficio de las Partes Garantizadas, según corresponda y en caso de acaecimiento de un Supuesto de Incumplimiento, al ejercicio de cualquier derecho de adquisición preferente que pudiera corresponderle en cada momento, en el supuesto de una transmisión forzosa de las Acciones derivada de la ejecución de la presente Prenda.
- 8.7** A efectos aclaratorios, desde el momento en el que cese cualquier Supuesto de Incumplimiento por haber sido el mismo subsanado o aceptado por las Partes Garantizadas, los derechos referidos en la Cláusula 8.1 anterior volverán a ser ejercidos por el Pignorante.
- 9. DECLARACIONES Y GARANTÍAS DEL PIGNORANTE Y LA SOCIEDAD**
- El Pignorante y la Sociedad declaran y garantizan de forma mancomunada, según corresponda, en beneficio de las Partes Garantizadas:
- (a) Que están válidamente constituidas y debidamente inscritas en los Registros competentes y ostentan plena capacidad de obrar;
  - (b) Que tienen capacidad para suscribir y cumplir el presente Contrato y han realizado todas las actuaciones necesarias para autorizar el otorgamiento y cumplimiento del mismo;
  - (c) Que tienen los necesarios derechos y facultades para suscribir este Contrato y que el Pignorante tiene el título y los derechos necesarios para pignorar, ceder y transmitir las Acciones a los efectos de cumplir con el presente Contrato;
  - (d) Que las Acciones representan el [ ]% del capital social de la Sociedad;
- 8.6** Moreover, the Pledgor expressly and irrevocably waives hereby for the benefit of the Secured Parties, as applicable and upon the occurrence of an Even of Default, to exercise any pre-emptive right, which could correspond, to it at any time being, in case of a compulsory transfer of Shares arising of the execution of this Pledge.
- 8.7** For clarification purposes, from the moment of the cessation of any Event of Default due to its remedy or waived by the Secured Parties, the rights referred to in Clause 8.1 above will be exercised again by the Pledgor.
- 9. REPRESENTATIONS AND WARRANTIES OF THE PLEDGOR AND THE COMPANY**
- The Pledgor and the Company jointly represent and warrant, as applicable, for the benefit of the Secured Parties:
- (a) That are validly incorporated and duly registered with the relevant Mercantile Register and have full capacity to act;
  - (b) That are authorised to enter into and fulfil this Agreement and have carried out all necessary actions to authorise the granting and fulfilment thereof;
  - (c) That have the required powers and legal rights to execute this Agreement and the Pledgor has the necessary legal title and the right to pledge, assign and transfer the Shares for the purposes of complying with this Agreement;
  - (d) That the Shares represent a [ ]% of the share capital of the Company;



- (e) Que el Pignorante ostenta legítimamente la plena propiedad de las Acciones;
- (f) Que las Acciones no están sometidas a ninguna carga, gravamen o derecho de opción de compra o de venta o de tercero, a excepción del constituido en virtud del presente Contrato;
- (g) Que a su leal saber y entender la constitución de la presente Prenda no contradice los estatutos de la Sociedad ni, hasta donde tienen conocimiento, ninguno de los contratos, obligaciones, acuerdos, compromisos, cargas o regulaciones de las que sea parte o por las que esté obligado, ni supone el incumplimiento de sus términos y condiciones, habiendo sido obtenido, en caso de ser necesarios, todos los consentimientos oportunos al efecto de evitar el incumplimiento de cualquier compromiso adquirido con anterioridad al otorgamiento del presente Contrato; y
- (h) Que el otorgamiento de este Contrato, constituye y crea una garantía real de primer rango sobre las Acciones en favor de las Partes Garantizadas en garantía del cumplimiento de las Obligaciones Garantizadas.
- (e) That the Pledgor has full legal and beneficial ownership of the Shares;
- (f) That the Shares are not subject to any charge, lien or purchase or sale option right or third party right, except for the one created pursuant to this Agreement.
- (g) That to the best of their knowledge, the creation of this Pledge does not conflict with the by-laws of the Company, nor, to the best of its knowledge, any contracts, obligations, agreements, undertakings, charges or regulations to which it is a party or by which it is bound, nor it will imply the breach of such terms and conditions, having been obtained, should it be necessary, all necessary consents in order to avoid the breach of any commitment assumed prior to the execution of this Agreement; and
- (h) That the execution of this Agreement, creates a first ranking in rem right of pledge over the Shares in favour of the Secured Parties as security of the Secured Obligations.

Todas las declaraciones y garantías aquí contenidas se mantendrán vigentes, vinculantes y con efectos hasta la cancelación de la presente Prenda y, en su caso, de sus extensiones, y se entenderán repetidas (salvo que expresamente se refieran a una fecha específica) con ocasión del otorgamiento y perfección de cada una de las eventuales extensiones de la Prenda.

All the representations and warranties herein contained shall remain in force, binding and effective up to the cancellation of this Pledge, and if applicable, of its extensions and shall be deemed to be repeated (unless they specifically refer to a determined date) at the time of granting and perfection of any extension of the Pledge.

## 10. EJECUCIÓN DE LA PRENDA

## 10. ENFORCEMENT OF THE PLEDGE

### 10.1 Supuesto de Ejecución

### 10.1 Enforcement Event

Será causa de ejecución de la Prenda un Supuesto de Incumplimiento continuado (el "**Supuesto de Ejecución**").

The Pledge will be enforceable upon an Event of Default which is continuing (the "**Enforcement Event**").

### 10.2 Determinación de la cantidad líquida

### 10.2 Due and payable amount

Las Partes acuerdan expresamente que la cantidad vencida, líquida y exigible en caso de ejecución de la Prenda (por cualquiera de los procedimientos aplicables) y a los efectos de los artículos 572 y 573 de la Ley de Enjuiciamiento Civil, será la especificada en la certificación que expida el Agente de Garantías de conformidad con los Documentos de la Financiación en la que conste el saldo adeudado por la Acreditada o los Garantes a las Partes Garantizadas y que será calculado de conformidad con lo dispuesto en los Documentos de la Financiación.

The Parties expressly agree that in the event of enforcement of the Pledge (following any of the applicable procedures) the amount due and payable pursuant to the provisions of articles 572 and 573 of the Civil Procedural Law will be the amount specified in the certificate issued by the Security Agent in accordance with the Loan Documents setting out the amount owed by the Borrower or the Guarantors to the Secured Parties, calculated in accordance with the Loan Documents.

El importe de la deuda líquida, vencida y exigible mencionado en esta Cláusula 10.2 se incrementará con los intereses (ordinarios, de demora o de cualquier otro tipo), gastos, costas, comisiones y demás importes devengados a favor de las Partes Garantizadas ejecutantes entre la fecha de expedición de la certificación anteriormente mencionada y la fecha en que la ejecución de la Prenda se haga efectiva.

### 10.3 Ejecución por el Agente de Garantías

La ejecución de la Prenda y la realización de cualesquiera acciones de defensa o preservación de la misma, será llevada a cabo por el Agente de Garantías, en nombre y representación de aquéllos y siguiendo las instrucciones que a tal efecto le faciliten los mismos.

### 10.4 Procedimientos de ejecución

Para el ejercicio de la acción real pignoratícia, las Partes Garantizadas podrán entablar, a su elección, cualquiera de los procedimientos que legalmente les asisten, y en particular:

- (a) los judiciales ordinarios, declarativos o de ejecución previstos en la Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil (la "LEC");
- (b) el procedimiento ejecutivo para bienes hipotecados o pignorados establecido en los artículos 681 a 698 de la Ley de Enjuiciamiento Civil;
- (c) los procedimientos establecidos en el artículo undécimo y siguientes del Real Decreto Ley 5/2005, de 11 de marzo, de reformas urgentes para el impulso de la productividad y para la mejora de la contratación pública (el "RDL 5/2005"); o

The amount of the due and payable debt mentioned in this Clause 10.2 shall be increased with the interest (ordinary interest, default interest or any other type of interest), costs and expenses, fees and any other amounts accrued in favor of the Secured Parties between the date on which aforementioned certificate is issued and the date on which the enforcement of the Pledge is made effective.

### 10.3 Enforcement by the Security Agent

The enforcement of the Pledge and any acts in defence or preservation of the Pledge shall be carried out by the Security Agent acting on their behalf and upon their instructions.

### 10.4 Enforcement procedures

For the purposes of the enforcement of the Pledge, the Secured Parties may, at their discretion initiate any legal proceedings available, in particular:

- (a) ordinary, declarative or enforcement judicial proceedings provided under Law 1/2000 of 7th January of Civil Procedure (the "Civil Procedural Law");
- (b) the enforcement proceeding for mortgaged or pledged assets established in articles 681 to 698 of the Civil Procedural Law;
- (c) the proceedings referred to in article 11 of Royal Decree-Law 5/2005, of 11 March in relation to urgent measures for improving productivity and public contracting ("RDL 5/2005"); or

- (d) el extrajudicial establecido en el artículo 1872 del Código Civil o en los artículos 72 a 77 de la Ley del Notariado;
- (e) cumpliendo en cada caso los requisitos del procedimiento elegido, sin que la utilización de una vía precluya la posibilidad de acudir a cualquiera de las restantes, en tanto las Obligaciones Garantizadas no hayan sido satisfechas en su integridad o extinguidas de otro modo.

#### 10.5 Procedimiento de ejecución bajo la LEC

En el supuesto de que las Partes Garantizadas, a través del Agente de Garantías, decidieran instar cualquiera de los procedimientos previstos en la LEC, las Partes pactan expresamente que bastará para el ejercicio de la acción ejecutiva la presentación de los siguientes documentos:

- (a) la póliza de éste Contrato de Prenda;
- (b) certificación, expedida por el Agente de Garantías, de la deuda que resulte a cargo de la Acreditada o de los Garantes, así como el extracto de las partidas de cargo y abono y las correspondientes a la aplicación de intereses que determinan el saldo concreto por el que se pide el despacho de ejecución, acreditando que la liquidación de la deuda por la que se ejecuta se ha practicado en la forma pactada en los Documentos de la Financiación;
- (c) documento que acredite haber notificado previamente al Pignorante, a la Sociedad y a cualquier otra sociedad que resulte Garante en cada momento la cantidad exigible resultante de dicha liquidación. A estos efectos, dicha notificación será suficiente para que la Acreditada y los Garantes se den por notificados.

- (d) the non-judicial proceeding set forth in article 1872 of the Civil Code or in articles 72 to 77 of the Spanish Notarial Law;
- (e) complying in each case with the requirements of the chosen proceedings and provided that the choice of any of the above proceedings does not limit the possibility of choosing any of the other proceedings, to the extent that the Secured Obligations have not been fully discharged.

#### 10.5 Civil enforcement procedure

In the event that the Secured Parties, through the Security Agent, wish to initiate any of the enforcement procedures set forth in the Civil Procedural Law, the Parties hereby agree that for the exercise of the enforcement actions the delivery of the following documents shall suffice:

- (a) the public document formalising this Pledge Agreement;
- (b) a certificate issued by the Security Agent, regarding the debt of the Borrower, as well as the extract of the debit and credit entries and those corresponding to the application of interest that determine the specific balance for which the enforcement is requested, certifying that the calculation of the debt which is enforced has been in the manner agreed in the Loan Documents;
- (c) a document evidencing that the amount due and payable as a result of the aforementioned calculation has been previously notified to the Pledgor, the Company and any other Company holding the position of Guarantor at that time. Such notice will be suffice for the purposes of notifying the Borrower and the Guarantors.

#### 10.6 Procedimiento de ejecución bajo el RDL 5/2005

Para el caso de que las Partes Garantizadas, de resultar ello legalmente posible, procediesen a la ejecución de la Prenda por el procedimiento previsto en el artículo 11.2º del RDL 5/2005, en caso de resultar de aplicación, las Partes convienen lo siguiente:

- (a) La ejecución de la Prenda se podrá realizar por apropiación o por venta a terceros de las Acciones.
- (b) El valor de las Acciones será el que determine una firma de auditoría de reconocido prestigio (entre las denominadas “Big Four”) que designe razonablemente el Agente de Garantías. Una vez determinado dicho valor, el Agente de Garantías podrá:
  - Apropiarse de las Acciones compensando con el importe de las Obligaciones Garantizadas pendientes de pago un importe igual al valor que para las mismas haya sido determinado por la firma de auditoría designada (una vez descontados los gastos que se hubieran originado con ocasión de la ejecución); o
  - colocar las Acciones a la venta a un precio igual al valor determinado por la firma de auditoría designada.
- (c) En el supuesto de que exista alguna cantidad remanente tras la ejecución de la Prenda y no existan Obligaciones Garantizadas pendientes de pago las Partes acuerdan que dicha cantidad será entregada al Pignorante.

#### 10.7 Procedimiento extrajudicial

Si las Partes Garantizadas, iniciasen el procedimiento establecido en el artículo 1.872 del Código Civil y en los artículos 72 a 77 de la Ley del Notariado, será de aplicación el procedimiento siguiente:

- (a) Los domicilios a efectos de requerimientos y notificaciones serán los que se recogen en la Cláusula 13 posterior, siendo aplicables asimismo en caso de ejecución de acuerdo con el procedimiento previsto en el Capítulo V del Título IV del Libro III de la Ley de Enjuiciamiento Civil.

#### 10.6 RDL 5/2005 enforcement procedure

In the event that, provided that it is legally possible, the Secured Parties, enforce the Pledge by the procedure set out under the section 11.2º of the RDL 5/2005, if applicable, the Parties agree as follows:

- (a) The enforcement of the Pledge shall be carried out by means of appropriation of the Shares or sale to third parties.
- (b) The value of the Shares shall be that determined by a prestigious audit firm (among the so-called “Big Four”) reasonably appointed by the Security Agent. Once such value is determined, the Security Agent may:
  - To appropriate the Shares by setting-off an amount equal to the value of the Shares determined by the designed audit firm, against the outstanding Secured Obligations (once the expenses arising out of the enforcement have been deducted); or
  - To place the Shares for the price determined by the designed audit firm.
- (c) In case there are not pending Secured Obligations the excess will be delivered directly to the Pledgor.

#### 10.7 Non-judicial proceedings

In the event that the Secured Parties, should initiate the proceedings contemplated in Article 1,872 of the Spanish Civil Code and the Articles 72 to 77 of the Notaries Act, the following procedure shall apply:

- (a) The addresses for the service of notice and summons are the ones included in Clause 13 below, being also applicable to the enforcement proceeding set out in Chapter V of Title IV of Book III of the Spanish Civil Procedural Act.

(b) La subasta será electrónica y se llevará a cabo en el Portal de Subastas de la Agencia Estatal Boletín Oficial del Estado.

(c) Las subastas se celebrarán ante un notario español que será designado por las Partes Garantizadas de conformidad con la legislación vigente.

El Pignorante, en caso de no comparecer ante el notario correspondiente, designa a las Partes Garantizadas para representarle en la subasta de las Acciones, en calidad de vendedor y para que otorgue el correspondiente contrato de compraventa (incluso en documento público) a favor del adquirente, con facultades expresas de autocontratación, en la medida en que el Pignorante no haya procedido a otorgar dicho contrato en un plazo máximo de un (1) mes desde la fecha del requerimiento que, a tal efecto, le hubieran dirigido las Partes Garantizadas.

(d) Las subastas se notificarán fehacientemente al Pignorante por cualquier medio que permita acreditar la recepción y el contenido de la notificación a los domicilios que se establecen en la Cláusula 13 posterior con al menos quince (15) días de antelación a aquel que se señale para la subasta. En la notificación deberán constar todas las circunstancias de la ejecución, y en particular las siguientes:

- El importe que deba ser debidamente satisfecho por medio de la ejecución de la Prenda.
- La identificación de las Acciones que se ejecutan, su número, valor nominal, numeración, clase y valoración.
- La fecha de la subasta y la hora a la que se celebrarán, la cantidad que sirva de tipo inicial en las subastas y el depósito exigido para participar en las subastas.

(b) The auction shall be electronic and shall be carried out through the On-line Auction Portal of the State Official Gazette Agency.

(c) The auctions shall be held before a Spanish Notary public appointed by the Secured Parties in accordance with applicable laws.

The Pledgor, in the event it does not appear before the relevant Notary Public, hereby appoints the Secured Parties as its representative of the in the auction of the Shares, as transferor, and irrevocably authorise (with express faculties for self-contracting) such entity to execute the notarial deed of transfer of the Shares in favor of the purchaser on behalf of the Pledgor, as long as the Pledgor had not proceeded to grant such deed of transfer within a maximum term of one (1) month from the date of the requirement notice that, for such purpose, would have been sent by the Secured Parties.

(d) The auctions shall be notified to the Pledgor by any means which may evidence the content and receipt of the notice (fehacientemente) at the address referred to in Clause 13 below by no less than fifteen (15) days prior to notice of the date indicated for the auction. The notice shall specify the circumstances leading to the enforcement and, in particular, shall give details of the following:

- The amount to be duly paid by means of the enforcement of the Pledge.
- Precise details of the Shares to be enforced, their number, face value, numbering, class and valuation.
- The date of the auction and the time at which they will take place, the amount which shall serve as an initial bid (tipo) at the auctions, as well as the deposit required to participate in the auction.

**Draft SPB – 20.02.2018**  
**Confidential Information**

(e) A su libre elección, las Partes Garantizadas podrán proceder a ejecutar la Prenda respecto de todas las Acciones al mismo tiempo, o a efectuar ejecuciones parciales o sucesivas de la Prenda sobre distintos paquetes de Acciones, hasta el total reembolso de las Obligaciones Garantizadas.

(f) Abierta la subasta, sólo podrán hacerse pujas electrónicas durante veinte (20) días desde la fecha de apertura.

(e) At its free choice, the Secured Parties may enforce the Pledge in respect of all the Shares at the same time, or to carry out partial and successive enforcements of the Pledge in respect of different groups of Shares, up to the full repayment of the Secured Obligations.

(f) Once the auction is opened, electronic bids can only take place during twenty (20) days following the opening.

- (g) Para participar en la subasta será necesario consignar el cinco por ciento (5%) del valor de las acciones subastadas. Las Partes Garantizadas no deberán hacer consignación alguna.
- (h) Si no concurriere ningún postor o no fueran adjudicadas las Acciones por cualquier motivo, el Notario así lo hará constar, declarando desierta la subasta y acordará el cierre del expediente, sin perjuicio de la facultad que se otorga a las Partes Garantizadas a iniciar ante el mismo Notario un segundo expediente de subasta notarial de las Acciones, con arreglo a lo acordado en este Contrato y conforme a la normativa legal aplicable. En ningún caso esta circunstancia podrá suponer la cancelación o extinción de la Prenda.
- (i) En caso de que las Partes Garantizadas insten el inicio de un segundo expediente de subasta notarial, el tipo de subasta será equivalente al setenta y cinco por ciento (75%) del valor indicado por la firma de auditoría designada.
- (j) Las Partes Garantizadas podrán si las Acciones no son enajenadas en ninguna de las subastas, hacerlas suyas dando en este caso carta de pago por el importe equivalente al tipo de la última subasta de las Acciones.
- (k) La celebración de la subasta se anunciará mediante anuncio en el Boletín Oficial del Estado con quince (15) días de antelación a su celebración y deberá contener todos los datos mínimos exigidos por el artículo 74 de la Ley del Notariado, así como expresar todas las circunstancias referidas en la Cláusula 10.7.(d) anterior, haciendo referencia expresa al tipo inicial de la subasta, todo lo cual estará disponible en la notaría designada para la ejecución de la Prenda, junto con la documentación relativa a las Acciones objeto de subasta y al procedimiento mismo. Se entenderá que los licitadores aceptan las circunstancias derivadas del régimen legal relativo a la venta forzosa de las Acciones y a los derechos de los accionistas de conformidad con los estatutos de la Sociedad, una copia de los cuales estará disponible en la notaría.
- (g) In order to take part in the auction, the bidder shall deposit 5% of the value of the auctioned shares. The Secured Parties shall not deposit any amount to enter therein.
- (h) In case that no bidder enters into the auction nor the Shares were allocated for any reason, the Notary Public shall note the fact, declaring the auction as void and agreeing the closing of the auction record, notwithstanding the authority of the Secured Parties to initiate before the same Notary Public a second notarial auction record over the Shares, in accordance to the terms of this Agreement and the applicable regulations. In no case such fact may produce the cancellation or the termination of the Pledge.
- (i) In the event that the Secured Parties require the initiation of a second notarial auction record, the auction bid will be seventy five per cent (75%) of the value determined by the designed audit firm.
- (j) Should the Shares not be sold in any of the auctions, such shares may be acquired by the Secured Parties (dación en pago), giving discharge of payment in an amount equal to the auction bid of the last auction of the Shares.
- (k) The auction shall be announced by means of a notice in the State Official Gazette fifteen (15) days in advance to the date in which the auction will be held. The announcement shall contain all the minimum details required by the article 74 of the Notaries Act, as well as state all the circumstances referred to in Clause 10.7. (d) above, with express reference to the starting bid price all of which shall be available at the notary's bureau appointed for the enforcement of the Pledge, together with the documentation relating to the Shares to be auctioned and to the proceedings itself. The bidders shall be deemed to accept the circumstances arising under the legal regulations concerning the compulsory sale of the Shares and the rights of shareholders in accordance with the by-laws of the Company, a copy of which shall also be deposited at the notary's bureau.

**Draft SPB – 20.02.2018**  
**Confidential Information**

- (l) El adjudicatario deberá depositar la cantidad restante del precio de remate en la notaría o en la entidad de crédito indicada en el anuncio, antes de las 12:00 p.m. del tercer día hábil siguiente a la adjudicación provisional de las Acciones. Este importe, junto al del depósito, deberá emplearse para sufragar la totalidad de los costes de la subasta y el resto, hasta donde alcance, será entregado por el notario o por la entidad de crédito indicada en el anuncio, según sea el caso, a las Partes Garantizadas, para su distribución, en su caso, entre el resto de las Partes Garantizadas, para el pago de las Obligaciones Garantizadas pendientes de pago cuyo incumplimiento hubiera ocasionado la ejecución de la Prenda. El sobrante, en caso de existir, será entregado directamente por el notario o por la entidad de crédito, según corresponda, al Pignorante.
- (m) En caso de que el adjudicatario no realice la consignación a que se refiere la Cláusula 10.7.(g) en el plazo y forma debidos, las cantidades por él consignadas como depósito se aplicarán al pago de las Obligaciones Garantizadas. En este caso, dicho adjudicatario perderá la puja y se considerará adjudicatario al segundo mejor licitador que hubiera mantenido el depósito en la notaría a tenor de lo indicado en la Cláusula 10.7.(g) anterior; si no hubiera licitador de subasta será suspendida con las consecuencias previstas en estas estipulaciones.
- (n) El Notario entregará al Agente de Garantías, para su distribución entre el resto de los Partes Garantizadas, la parte del precio obtenido en la subasta equivalente a la suma adeudada correspondiente a las Obligaciones Garantizadas pendientes de pago. El sobrante, de existir (una vez descontados los gastos, impuestos y costes que la enajenación haya podido causar), será directa e inmediatamente depositado por el Notario en la cuenta bancaria que designen las Partes Garantizadas y quedará afecto, en caso de ejecución parcial de la Prenda, a las restantes Obligaciones Garantizadas por esta Prenda que, en su caso, no hubiesen resultado satisfechas. En el supuesto de que exista alguna cantidad remanente tras la ejecución de la Prenda y no existan Obligaciones Garantizadas pendientes de pago las Partes acuerdan que dicha cantidad será entregada al Pignorante.
- (l) The awardee shall deposit the remaining sum up to the award price at the notary's bureau or at the financial institution indicated in the announcement, before 12:00 p.m. of the third business day following the provisional allocation of the Shares. This sum, together with the deposit, shall be applied to pay the costs of the auction and any sums in excess of the award price shall, to the extent possible, be delivered by the notary or by the financial institution specified in the announcement, as applicable, to the Secured Parties to its distribution, if applicable, among the rest of the Secured Parties to the to apply them to settle the Secured Obligations pending of payment of which unfulfilment had caused the enforcement of the Pledge. The excess, if any, will be delivered directly by the Notary public or by the financial institution, as the case may be, to the Pledgor.
- (m) In the event that the awardee does not make the payment referred to under Clause 10.7.(g) in due course and form, the sums of the deposit allocated by such awardee shall be applied to the payment of the Secured Obligations. In this event, the referred awardee shall be disqualified and the auction shall be awarded to the second highest bidder who has made the deposit with the Notary public in accordance with the provisions of Clause 10.7. (g) above; should there be no such bidder the auction shall be adjourned with the consequences set out in these provisions.
- (n) The Notary public will deliver to Security Agent, for its distribution, among the rest of the Secured Parties, the proceeds arising out of the bid in order to allocate them to meeting the outstanding Secured Obligations. Should the referred proceeds exceed the amount of the Secured Obligations (once the costs, taxes and expenses arising out of such enforcement have been paid), the excess will be directly and immediately deposited by the Notary public in the bank account designated by the Secured Parties, and subject to, in case a partial enforcement of the Pledge has taken place, the rest of the Secured Obligations which have not been fulfilled. In case there are not pending Secured Obligations the excess will be delivered directly to the Pledgor.

**Draft SPB – 20.02.2018**  
**Confidential Information**

(o) En el caso de que las Partes Garantizadas se adjudiquen en la subasta las Acciones, éstas serán pagadas mediante compensación por reducción, en el referido importe al que hubieran sido adjudicadas en la subasta, de las Obligaciones Garantizadas pendientes de pago cuyo incumplimiento hubiera ocasionado la ejecución de la Prenda (hasta donde alcance el importe antes mencionado). El sobrante, de existir, se aplicará de acuerdo con lo establecido en la apartado inmediatamente anterior.

(p) La ejecución no será interrumpida por causa alguna, salvo (i) que medie una orden dictada por la autoridad judicial competente; o (ii) que la Acreditada y los Garantes hubieran cumplido las Obligaciones Garantizadas y hubieran abonado íntegramente las mismas a las Partes Garantizadas, así como todos los gastos incurridos en la ejecución.

#### **10.8 Conservación de derechos**

Las Partes Garantizadas conservarán todos sus derechos y acciones contra el Pignorante por la parte de las Obligaciones Garantizadas que no hayan sido satisfechas o resarcidas con la ejecución de la Prenda.

(o) In case that the Secured Parties becomes awardee of the Shares in the bid, the Shares will be paid by means of set-off reducing, in the amount the Shares had been awarded in the auction, the Secured Obligations pending of payment whose default had caused the enforcement of the Pledge (to the extent reached by the referred amount). The surplus, if any, will be applied in accordance with the section immediately above.

(p) The enforcement shall not be interrupted unless by virtue of (i) a judicial decision rendered by a competent judge; or (ii) the discharge of the Secured Obligations by the Borrower and the Guarantors with full payment of the same to the Secured Parties as well as all expenses incurred in connection with the enforcement.

#### **10.8 Maintenance of rights**

The Secured Parties shall maintain all their rights and claims against the Pledgor with respect to any part of the Secured Obligations that has not been satisfied or indemnified upon the enforcement of the Pledge.

**Draft SPB – 20.02.2018  
Confidential Information**

#### **10.9 Renuncia de acciones del Pignorante**

Hasta la fecha en la que las Obligaciones Garantizadas hayan sido amortizadas en su totalidad, en el caso de que las Partes Garantizadas obtengan el cobro de cualesquiera importes u Obligaciones Garantizadas a través de la ejecución de la Prenda, el Pignorante renuncia expresamente y desde este momento (i) al ejercicio de cualquier derecho de subrogación, (ii) a cualquier acción y (iii) al cobro de cualesquiera créditos o derechos, frente a la Acreditada o cualquiera de los Garantes.

#### **10.9 Waiver of rights by the Pledgor**

Until such time as the Secured Obligations have been discharged in full, in the event that the Secured Parties obtain payment of any amounts owed to them or of the Secured Obligations through the enforcement of the Pledge, the Pledgor expressly waives as from this moment in time (i) any rights of subrogation, (ii) the exercise of any claim and (i) the recovery or collection of any credits or rights, against the Borrower or the Guarantors.

#### **11. PODER IRREVOCABLE**

#### **11. IRREVOCABLE POWER OF ATTORNEY**



**11.1** Con objeto de asegurar el cumplimiento de los compromisos asumidos en este Contrato, el Pignorante otorgará a favor del Agente de Garantías y de las Partes Garantizadas en unidad de acto respecto a la firma del presente Contrato y en escritura pública separada ante el mismo Notario interviniente, un poder especial irrevocable tan amplio en Derecho como resulte necesario, con facultades de sustitución, re- sustitución y delegación en favor de la persona, física o jurídica, agente, administrador, la persona o entidad a favor de quien sustituye o en quien delegue la ejecución de las facultades otorgadas por medio del poder irrevocable (incluyendo la entidad que le sustituya como Agente de Garantías) o cualquier otra entidad que determine el Agente de Garantías, para que el Agente de Garantías (actuando a través de sus representantes orgánicos o sus apoderados) pueda, en nombre y representación del Pignorante, realizar cualesquiera actuaciones que resulten necesarias o convenientes para ejecutar y hacer cumplir los términos del presente Contrato.

**11.2** A tales efectos, el Agente de Garantías podrá, transcurrido el plazo de diez (10) días hábiles desde la notificación realizada a al Pignorante sin que éste hubiera realizado lo solicitado, utilizar el poder irrevocable otorgado, a fin de llevar a cabo en nombre del Pignorante cuantas actuaciones resulten necesarias o convenientes a favor de las Partes Garantizadas en los términos y condiciones que estime oportunos para el adecuado cumplimiento de lo previsto en el presente Contrato, incluyendo, con carácter enunciativo y no limitativo, las siguientes:

**11.1** In order to give the grates effectiveness to the compliance with the undertakings set out herein, the Pledgor will grant in favor of the Security Agent and the Secured Parties simultaneously with the execution of this Agreement, and in a separate public deed before the intervening Notary public, an irrevocable special power of attorney, so broad in Law as necessary, with powers of substitution, re-substitution and delegation as broad as may be necessary in Law in favor of the person, whether natural or legal, agent, receiver, the person or entity in favor of whom it may delegate or substitute the faculties conferred hereunder (including the entity which may replace the Security Agent as agent) or any other entity that the Security Agent may determine, so that the Security Agent (acting through its representatives or its attorneys-in-fact), on behalf of the Pledgor, may perform any necessary or convenient actions to comply with and enforce the terms of the present Agreement.

**11.2** For this purpose, the Security Agent may, upon failure of the Pledgor to comply with the Security Agent's request within ten (10) business days of being notified, use the irrevocable power of attorney in order to carry out, on behalf of the Pledgor, any necessary or convenient actions in favor of the Secured Parties in the terms and conditions the Security Agent may deem appropriate for the adequate compliance with the terms of this Agreement including, but not limited to, the following:

- (a) solicitar del Notario ante el que formalice el presente Contrato, todo tipo de copias de los correspondientes documentos públicos en los que se formalicen la Prenda;
  - (b) efectuar cualesquiera declaraciones, trámites, presentaciones de documentos o cualesquiera otras actuaciones ante Notarios, Registradores, autoridades fiscales, administrativas o judiciales y liquidar y abonar los impuestos, comisiones, costes y gastos relacionados con el otorgamiento del presente Contrato;
  - (c) llevar a cabo cuantas actuaciones y suscribir, otorgar y elevar a público cuantos documentos públicos o privados sean necesarios para: (i) obtener y asegurar la plena perfección, mantenimiento y protección de las Prenda; (ii) defender, proteger y reclamar los derechos que en el presente Contrato se confieren a las Partes Garantizadas; (iii) realizar cualquier extensión, ratificación, subsanación, rectificación o sustitución de cláusulas declaradas nulas por aquellas otras cuyo efecto económico sea el más parecido posible al de la cláusula declarada nula y sin efecto; y (iv) llevar a cabo la ejecución de la Prenda;
  - (d) para que, en caso de que ello fuera necesario, representar al Pignorante en la subasta de los derechos de crédito y de las acciones pignoradas en virtud del presente Contrato;
  - (e) en orden a la toma de posesión de los nuevos derechos, valores, activos o fondos en caso de prenda sucesiva en los términos establecidos en el presente Contrato;
- (a) to request from the Notary Public before whom the present Agreement is formalized all kind of copies of the relevant public documents in which the Pledge is formalized;
  - (b) to make any statements, declarations, proceedings, submitting documents or any other actions before Notaries, Registrars, tax, administrative or judicial authorities and liquidate and pay for the taxes, commissions, costs and expenses related to the execution of the present Agreement;
  - (c) to carry out any and all actions to execute, grant and raise to public deed status any necessary documents to; (i) obtain and ensure the full perfection, maintenance and protection of the Pledge; (ii) defend, protect and claim the rights conferred to the Secured Parties in the present Agreement; (iii) carry out any extension, ratification, amendment, rectification or substitution of those clauses declared void by those which economic effect will be the most similar to the clause declared void and without effect; and (iv) carry out the execution of the Pledge;
  - (d) if it was necessary, to represent the Pledgor in an auction of the credit rights and the shares pledged under this Agreement;
  - (e) in order to take possession of the new rights, securities, assets or funds in case of successive pledge (prenda sucesiva) in the terms established in this Agreement;

- (f) a los efectos de materializar la extensión de la Prenda para las que dicha posibilidad esté prevista, y en orden a suscribir los documentos necesarios para la extensión de dichas garantías;
- (g) llevar a cabo cuantas actuaciones y firmar, otorgar y elevar a público cuantos documentos públicos o privados sean necesarios o convenientes para el restablecimiento de la Prenda en virtud del presente Contrato en caso de que cualesquiera pagos efectuados al amparo de la Prenda fuesen declarados nulos en el marco de un procedimiento de insolvencia y, como consecuencia de dicha nulidad, las Obligaciones Garantizadas no resultasen cumplidas íntegramente;
- (h) otorgar los documentos que sean convenientes o necesarios a los efectos de que el presente poder irrevocable sea otorgado a favor de quien sustituya al Agente de Garantías de como nuevo agente.
- (f) for the purpose of materializing the extension of the Pledge for which such possibility is foreseen, and in towards to execution of the necessary documents for the extension of said security;
- (g) to carry out any actions and sign, execute and raise to public deed status any public or private documents that are deemed necessary or convenient for re-establishing the Pledge under this Agreement in the event any payments performed under the Pledge were declared null in the framework of an insolvency proceeding and, as a consequence of such nullity the Secured Obligations were not fully fulfilled;
- (h) to grant the documents that are convenient or necessary for the purpose that this irrevocable power of attorney is granted in favor of whoever replaces the Security Agent as new agent.
- 11.3** Dado que el poder irrevocable se otorga en interés de las Partes y que resulta necesario para el cumplimiento de las obligaciones asumidas por el Pignorante en el presente Contrato, el poder irrevocable se configura como irrevocable, por lo que permanecerá en vigor mientras subsistan las Obligaciones Garantizadas.
- 11.4** El poder irrevocable sólo podrá quedar sin efecto con anterioridad a la terminación del presente Contrato por acuerdo entre el Pignorante y el Agente de Garantías. La revocación unilateral del poder irrevocable por el Pignorante no producirá efecto alguno.
- 11.5** El Pignorante declara conocer que el ejercicio por el Agente de Garantías de las facultades que recibe en virtud del poder irrevocable puede implicar autocontratación y subdelegación de poderes, lo acepta y lo salva expresamente para el Agente de Garantías y, en su caso, aquéllos que resulten ser sus cesionarios o sucesores. Se salva expresamente también, autorizándola, la autocontratación con respecto a aquéllos en los que el Agente de Garantías sustituya, sub-apodere o delegue el poder irrevocable.
- 11.3** As the irrevocable power of attorney is granted in the interest of the Parties and is necessary for the fulfilment of the obligations assumed by the Pledgor under the present Agreement, the irrevocable power of attorney is configured as irrevocable. Therefore, it shall remain in force while the Secured Obligations subsist.
- 11.4** The irrevocable power of attorney shall only be invalid prior to the termination of the present Agreement as per the agreement between the Pledgor and the Security Agent. The unilateral revocation of the irrevocable power of attorney by the Pledgor shall have no effect.
- 11.5** The Pledgor acknowledges that the exercise by the Security Agent of the faculties received under the irrevocable power of attorney may involve self-dealing and sub-delegation of powers of attorney, which the Pledgor expressly accepts and saves for the Security Agent and, if appropriate, for those who may be its assignees or successors. The Pledgor also expressly saves, authorizing it, self- dealing with respect to those in which the Security Agent replaces, sub-empowers or delegates the irrevocable power of attorney.

## 12. CANCELACIÓN DE LA PRENDA

Cumplidas íntegramente las Obligaciones Garantizadas o extinguidas éstas de otro modo, quedará automáticamente extinguida y cancelada la Prenda, comprometiéndose las Partes Garantizadas, a solicitud por escrito del Pignorante, y en el plazo máximo de quince (15) días hábiles a partir de la fecha en que tenga lugar tal requerimiento, a otorgar el correspondiente documento público de cancelación. Las Partes de la presente Prenda acuerdan que todos los tributos y gastos de Notario y, en su caso, de notificaciones derivados de dichas cancelaciones correrán a cargo del Pignorante.

No obstante el cumplimiento de las Obligaciones Garantizadas y la cancelación de la Prenda, en el supuesto de que cualesquiera pagos efectuados en satisfacción de las Obligaciones Garantizadas fueran declarados nulos en el marco de un procedimiento de insolvencia y, como consecuencia de dicha nulidad, las Obligaciones Garantizadas no resultasen total o irrevocablemente cumplidas, las Partes acuerdan el resurgimiento de los términos y condiciones de la Prenda en garantía de las Obligaciones Garantizadas.

## 13. NOTIFICACIONES

**13.1** Cualquier comunicación o notificación entre las Partes a la que se refiera el presente contrato, o que, incluso no estando contemplada en el mismo, se realice entre las Partes en relación con la ejecución, interpretación o terminación del mismo se realizará por escrito y será entregada personalmente a la otra parte (bien por la remitente misma, bien por conducto notarial) o enviada por fax, por correo electrónico o por correo certificado con acuse de recibo (a elección de quien envía la comunicación) a las siguientes direcciones

## 12. CANCELTION OF THE PLEDGE

Once the Secured Obligations have been fully discharged or otherwise extinguished, the Pledge shall be automatically terminated and cancelled and the Secured Parties hereby undertake to execute, upon written request from the Pledgor and in the maximum term of fifteen (15) business days as from the date of such request, the corresponding public document of cancellation of the Pledge. The Parties to this Pledge expressly acknowledge that any taxes, costs or fees (including Notarial fees), and, if necessary, any notices sent in accordance with the said cancellation shall be borne by the Pledgor.

Notwithstanding the fully discharged of the Secured Obligations and the cancellation of the Pledge, in the event that any of the payments carried out to discharge the Secured Obligations are declared void or invalid during the course of a insolvency proceedings, and as a result of such nullity, the Secured Obligations result not to be fully discharged or otherwise extinguished, the Parties agree the revival of the terms and conditions of the Pledge to secure the Secured Obligations.

## 13. NOTICES

**13.1** All notices or communications referred to in this agreement or made by any of the Parties to this agreement to one another as regards the execution, interpretation or termination of the agreement shall be made in writing and will, at the sender's choice, either be delivered to the other party in person (either by the sender personally or through a notary public) or sent by fax, electronic mail or certified post with delivery confirmation, to the following addresses:

13.2 En el caso del Pignorante: A la atención de [ ]

[Dirección]  
Teléfono: [ ]  
Correo electrónico: [ ]

13.3 En el caso de la Sociedad:

A la atención de [ ]  
[Dirección]  
Teléfono: [ ]  
Correo electrónico: [ ]

13.4 En el caso del Agente de Garantías:

A la atención de [ ]  
[Dirección]  
Teléfono: [ ]  
Correo electrónico: [ ]

13.5 La comunicación al Agente de Garantías y/o a las Partes Garantizadas se entenderá válidamente realizada cuando se envíe al Pignorante el [ ] día hábil posterior a la recepción de la comunicación.

14. IMPUESTOS Y GASTOS

Todos los honorarios, aranceles, costes y tributos que se devenguen y cualesquiera otros gastos razonables que se originen, ahora o en un futuro, por causa de la preparación, el otorgamiento y el cumplimiento de este Contrato y su intervención mediante el otorgamiento de esta póliza o su extensión, cesión, novación, corrección, enmienda, subsanación o cancelación, así como todas las costas y gastos de ejecución de la Prenda por cualesquiera procedimientos, incluidos los gastos y honorarios, de toda índole, de abogado y procurador (aun cuando la intervención de éstos no fuere preceptiva) así como los costes de novación y registro que resulten de la modificación de estatutos previstos bajo el presente Contrato serán abonados por el Pignorante o por cualquiera de las sociedades de su grupo.

15. SUBSANACIÓN O COMPLEMENTO DEL CONTRATO

Si fuera requerido para ello por el Agente de Garantías (actuando razonablemente), el Pignorante se compromete a otorgar, en el plazo de diez (10) días hábiles desde la fecha de dicho requerimiento, cuantos documentos públicos o privados de subsanación, complemento documental o aclaración de este contrato fueran necesarios o convenientes.

13.2 For the Pledgor: To the attn. of [ ]

[address]  
Phone number: [ ]  
Email address: [ ]

13.3 For the Company:

To the attn. of [ ]  
[address]  
Phone number: [ ]  
Email address: [ ]

13.4 For the Security Agent:

To the attn. of [ ]  
[address]  
Phone number: [ ]  
Email address: [ ]

13.6 Any notice served to the Security Agent and/or the Secured Parties will be deemed correctly made provided it is sent to the Pledgor on the [ ] business day after delivery of the notice.

14. TAXES AND EXPENSES

All fees, costs, and taxes, and any other expenses reasonably incurred, now or in the future, in connection with the drafting, execution and compliance with this Agreement, its notarial intervention by means of public document (*póliza*), or of its extension, assignment, novation, amendment or cancellation, as well as all judicial costs and enforcement costs in connection with any of the available proceedings in relation to the Pledge, including the fees and expenses of any nature of lawyers and *procuradores* (even when their involvement is not compulsory) and the novation and registration costs arising from the amendment of the by-laws provided in this Agreement shall be paid by the Pledgor or by any of the companies of its group.

15. CORRECTIONS OR ADDITIONS TO THIS AGREEMENT

If so required by the Security Agent (acting reasonably), the Pledgor undertakes to appear and grant, within ten (10) business days as of the date of such request, as many public or private documents as may be necessary or convenient for the correction, addition or clarification of this agreement.

El Agente de Garantías estará facultado para ser parte y otorgar cualquier documento público o privado en beneficio de las Partes Garantizadas, independientemente del derecho individual de cada Parte Garantizada a ser parte y suscribir los documentos mencionados junto con el Agente de Garantías, siempre que dicha Parte Garantizada se lo notifique al Agente de Garantías con al menos dos (2) días hábiles de antelación al día en que se otorguen dichos documentos públicos o privados.

The Security Agent shall be entitled to appear and execute all such public or private documents for the benefit of the Secured Parties, irrespective of the right of each particular Secured Party to appear and execute the aforesaid documents along with the Security Agent, if such Secured Party so notifies to the Security Agent with at least two (2) business days prior notice to the date on which the public or private documents shall be executed.

## 16. CESIÓN DE LA PRENDA

**16.1** El Pignorante y la Sociedad reconocen y acepta que las Partes Garantizadas pueden asignar y/o ceder su posición total o parcialmente en los Documentos de Financiación (y por tanto ceder su posición contractual bajo los Documentos de Financiación) o los derechos derivados de los mismos mediante cesiones de crédito, subrogaciones de posición contractual en dichos contratos o figuras equivalentes, según proceda, de conformidad con los términos de los Documentos de Financiación.

**16.2** El Pignorante y la Sociedad reconoce y acepta expresamente en este acto que, de acuerdo con el artículo 1528 del Código Civil, cualquier cesión efectuada por cualquiera de las Partes Garantizadas al amparo de lo dispuesto en los Documentos de la Financiación conllevará automáticamente, y sin necesidad de nuevo consentimiento del Pignorante o la Sociedad a tal efecto, la cesión proporcional de los derechos que corresponden a la Parte Garantizada en cuestión en virtud del presente Contrato.

**16.3** En consecuencia de lo anterior, las referencias que en este Contrato se realizan a las Partes Garantizadas se entenderán hechas, respectivamente a las entidades que en cada momento participen como Partes Garantizadas bajo los Documentos de la Financiación.

## 16. ASSIGNMENT OF THE PLEDGE

**16.1** The Pledgor and the Company hereby acknowledges and agrees that the Secured Parties may assign and/or transfer their position totally or partially under the Loan Documents (and hence assign their contractual position under the Loan Documents), or any rights arising therefrom by means of credits transfers, assignments or subrogation on contractual position or equivalent methods, as applicable, all in accordance with terms of the Loan Documents.

**16.2** The Pledgor and the Company hereby expressly acknowledges and agrees that, in accordance with article 1528 of the Spanish Civil Code, any assignment or transfer carried out by any of the Secured Parties under the provisions of the Loan Documents shall automatically entail and without the need of any further agreement of the Pledgor or the Company to such effect, the proportional assignment of the rights corresponding to such Secured Party by virtue of this Agreement.

**16.3** Consequently, references in this Agreement made to the Secured Parties shall be deemed made, respectively, to the entities which from time to time are Secured Parties under the Loan Documents.

**16.4** El Agente de Garantías estará facultado para ser parte y otorgar cualquier documento público o privado en beneficio de las Partes Garantizadas, independientemente del derecho individual de cada Parte Garantizada a ser parte y suscribir los documentos mencionados junto con el Agente de Garantías, siempre que dicha Parte Garantizada se lo notifique al Agente de Garantías con al menos dos (2) días hábiles de antelación al día en que se otorguen dichos documentos públicos o privados.

## **17. INVALIDEZ PARCIAL**

La ilegalidad, invalidez o inejecutabilidad de cualquier disposición de este Contrato por cualquier causa no afectará en modo alguno a la legalidad, validez o ejecutabilidad de las restantes disposiciones del mismo.

Si fuera requerido para ello por el Agente de Garantías, el Pignorante se compromete a otorgar, en el plazo de quince (15) días naturales desde la fecha de dicho requerimiento, cuantos documentos públicos o privados de subsanación, complemento documental o aclaración de esta Prenda fueran necesarios o razonablemente convenientes para asegurar su validez, ejecutabilidad y prioridad de rango.

## **18. IDIOMA**

Este Contrato se otorga en idiomas español e inglés. En caso de que surgieran discrepancias entre ambas versiones, prevalecerá la versión española.

## **19. LEY APLICABLE Y JURISDICCIÓN**

### **19.1 Ley aplicable**

Este Contrato se regirá por la legislación común española.

### **19.2 Jurisdicción**

En la medida en que tal sumisión resulte legalmente admisible, cada una de las Partes de este Contrato se somete irrevocablemente, con renuncia expresa al fuero que pudiera corresponderle, a la jurisdicción de los juzgados y tribunales de la ciudad de Madrid para el conocimiento y resolución de cualquier reclamación que pudiera derivarse del cumplimiento o interpretación de este Contrato.

**16.4** The Security Agent shall be entitled to appear and execute all such public or private documents for the benefit of the Secured Parties, irrespective of the right of each particular Secured Party to appear and execute the aforesaid documents along with the Security Agent, if such Secured Party so notifies to the Security Agent with at least two (2) business days prior notice to the date on which the public or private documents for such ratification shall be executed.

## **17. PARTIAL INVALIDITY**

If, for any reason, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect, neither the legality, validity nor enforceability of the remaining provisions will in any way be affected or impaired.

If so required by the Security Agent, the Pledgor undertakes to appear and grant, within fifteen (15) calendar days as of the date of such request, as many public or private documents as may be necessary or reasonably convenient for the correction, addition or clarification of this Pledge to secure its validity, enforceability and ranking priority.

## **18. LANGUAGE**

This agreement is executed in Spanish and English. In the event of discrepancies between the versions, the Spanish version shall prevail.

## **19. APPLICABLE LAW AND JURISDICTION**

### **19.1 Governing Law**

This Agreement shall be governed by the laws of Spain (*legislación común española*).

### **19.2 Jurisdiction**

To the extent legally permissible, each Party hereby expressly and irrevocably submits to the jurisdiction of the Courts and Tribunals of Spain, specifically of the city of Madrid, for the resolution of any dispute that may arise in connection with this Agreement, and hereby waives its right to take proceedings in any other jurisdiction.

## 20. INTERVENCIÓN NOTARIAL

Este Contrato y sus eventuales modificaciones se formalizan en póliza intervenida ante notario, con el fin de que ésta constituya título ejecutivo con respecto de todas las cantidades debidas en virtud del mismo, a todos los efectos previstos en el artículo 517.2.5° de LEC, el artículo 1.216 del Código Civil, así como la consideración de crédito con privilegio especial, a los efectos del artículo 90.1.6° de la Ley Concursal y demás disposiciones legales aplicables.

En prueba de lo cual, las Partes otorgan este contrato en póliza ante el notario de [ ], [ ], en la fecha y lugar indicado en el encabezamiento.

## 20. NOTARIAL INTERVENTION

This Agreement and any eventual amendments from time to time are formalised as public document (*póliza*) before notary public, with the aim that this document is considered an executive title with respect of any amounts owed under this Agreement and for the purposes and the effects set out in articles 517.2.5° of the Civil Procedure Law, article 1,216 of the Spanish Civil Code, as well as a specially privileged credit pursuant to article 90.1.6 of the Spanish Insolvency Act and other applicable legal provisions.

In witness whereof, the Parties grant this Agreement in public document (*póliza*) before the notary of [ ], [ ], on the date and place indicated above.



El presente Contrato se formaliza en póliza con la intervención del Notario de [ ], [ ] y de su Ilustre Colegio que figura en el encabezamiento.

Los otorgantes de la presente póliza manifiestan su conformidad y aprobación al contenido de la misma tal y como aparece redactado, extendida en \_\_\_\_\_ hojas incluidos sus anexos, la otorgan y firman, con mi intervención en un (1) solo ejemplar al amparo de lo previsto en la Ley 36/2006 de 29 de Noviembre, e Instrucción de la Dirección General de los Registros y del Notariado de la misma fecha.

Y yo el Notario, habiendo hecho las oportunas advertencias legales, DOY FE de la identidad de los otorgantes, de la legitimidad de sus firmas, de que a mi juicio tienen la capacidad y legitimación necesarios para el otorgamiento de la presente póliza, de que el consentimiento ha sido libremente prestado, y de que el otorgamiento se adecua a la legalidad y a la voluntad debidamente informada de los otorgantes o intervinientes.

Las Partes se manifiestan conformes con el contenido de este Contrato y sus anexos, que aceptan y firman.

Con mi intervención, [ ]

Anexo 1 / Annex 1

Copia de los poderes otorgados a favor del Agente de Garantías por las Entidades Acreditantes / Copy of the Power of Attorney granted to the Security Agent by the Lenders

Anexo 2 /Annex 2  
Copia de los Títulos Múltiples / Copy of the Company's Share Certificate

Anexo 3 /Annex 3

**Modelo del certificado emitido por la Sociedad en relación con la inscripción de la Prenda en el Libro Registro de Acciones Nominativas / Form of the certificate issued by the Company in relation registration of the Pledge into the Company's Share Registry**

**Modelo del certificado emitido por la Sociedad en relación con la inscripción de la Prenda en el Libro Registro de Acciones Nominativas**

En Madrid, a [ ] de [ ] de 2018

[ ], [carga en el órgano de administración] de sociedad, con domicilio en [ ], inscrita en el Registro Mercantil de [ ], y con número de identificación fiscal (N.I.F.) [ ], en vigor (la "Sociedad")

**CERTIFICA**

- I. Que la sociedad [ ], es titular en pleno dominio de [ ] acciones de [ ] euro de valor nominal cada una, números de la [ ] a la [ ], ambas inclusive (las "Acciones") de la Sociedad las cuales se encuentran íntegramente suscritas y desembolsadas, libres de cargas y gravámenes y/o de cualesquiera derechos de terceros, que representan el [ ]% del capital social de la Sociedad, en virtud de [ ].
- II. Que la citada titularidad de las Acciones consta debidamente inscrita en el Libro Registro de Acciones Nominativas de la Sociedad.
- III. Que las Acciones tienen las mismas obligaciones y derechos y están libres de toda carga, gravamen o derechos de tercero, excepto el derecho real de prenda constituido sobre las mismas al que se hace referencia en el apartado V siguiente.
- IV. Que la Sociedad es conocedora que en virtud del contrato de prenda otorgado por [ ] en su condición de Pignorante, PNC Bank, National Association, en su condición de Agente de Garantías y la Sociedad, de esta misma fecha intervenida por el notario de [ ] [ ] (la "Prenda"), [ ] ha pignorado las Acciones en garantía del cumplimiento puntual y total de las obligaciones que se derivan del Contrato de Financiación y el Contrato de Garantía descritos en la Prenda. A estos efectos la Sociedad hace constar que tiene conocimiento de la Prenda sobre la totalidad de las Acciones, así como de los términos de la misma, y que la Prenda se ha inscrito en el Libro Registro de Acciones Nominativas de la Sociedad. Se adjunta copia del Libro Registro de Acciones Nominativas como **Anexo 4**.

**Form of the certificate issued by the Company in relation registration of the Pledge into the Company's Share Registry**

In Madrid, on [ ], [ ] 2018.

[ ], [office held] of the company with registered office located at [ ], registered with the Commercial Registry of [ ], and with tax identification number (N.I.F.) [ ], in force (the "Company").

**CERTIFIES**

- I. That the company [ ], owns in full domain [ ] shares of Euro [ ] par value each, number [ ] to [ ], including both (the "Shares") of the Company which are fully subscribed and paid, free from any lien, encumbrance or third party right, representing the [ ]% of the capital share of the Company, pursuant to [ ].
- II. That [ ] ownership is duly registered at the Company's Share Registry.
- III. That the Shares have the same rights and obligations and are free from any liens, encumbrances or third party rights, except for the in rem right of pledge referred in paragraph V below.
- IV. That the Company acknowledges that pursuant to a pledge agreement granted in this date by [ ] as Pledgor, PNC Bank, National Association as Security Agent and the Company, intervened as a deed (*póliza*), by the notary of [ ] [ ] (the "Pledge"), [ ] has pledged the Shares as security of the punctual and full performance of all the obligations assumed under the Credit Agreement and the Guaranty Agreement referred to in the Pledge. To these effects, the Company acknowledges that it is aware of the creation of the Pledge as well as the terms of said Pledge, and that the Pledge has been registered in the Company's Share Registry. Attached hereto as **Annex 4** is a copy of the Company's Share Registry.

V. Que no han sido emitidas más acciones por la Sociedad, ni existe ningún acuerdo adoptado por la Junta General de Accionistas de la Sociedad aumentando el capital social que se encuentre pendiente de ejecución o de inscripción en el Registro Mercantil o que no haya sido inscrito.

V. That the Company has not issued more shares, and that there is no resolution approved by the General Shareholder Meeting of the Company increasing the capital or pending execution or registration with the Commercial Registry or that has not been registered with the Commercial Registry.

Lo que se certifica a los efectos legales oportunos, en el lugar y fecha indicados en el encabezamiento.

Certified to all legal purposes, on the date and place indicated above.

[Cargo en el órgano de administración]

[Office held]

---

---

[\*]

[\*]

**[FIRMA NOTARIALMENTE]**

**LEGITIMADA**

**[NOTARIZED SIGNATURE]**

Anexo 4 /Annex 4

Copia del Libro Registro de Acciones Nominativas / Copy of the Company's Share Registry

**EXHIBIT 1.1(P)(3)**

**FRENCH PLEDGE AGREEMENT**  
**[See attached]**

---

Dated \_\_\_ 2018

[\_\_\_\_\_]

and

**PNC BANK, NATIONAL ASSOCIATION**

---

**PLEDGE OVER FINANCIAL SECURITIES ACCOUNT AGREEMENT**

*(Convention de Nantissement de Compte de Titres Financiers)*

Article L. 211-20 of the French *Code monétaire et financier*

---





## INDEX

	<u>Page</u>
1. INTERPRETATION	3
2. PLEDGE	7
3. PRESERVATION OF SECURITY	9
4. REPRESENTATIONS AND WARRANTIES	10
5. UNDERTAKINGS	11
6. LIABILITY TO PERFORM	13
7. ENFORCEMENT	13
8. APPLICATION OF PROCEEDS	14
9. COVENANT TO RELEASE	14
10. EXPENSES, INDEMNITIES AND TAXES	15
11. CHANGES TO THE PARTIES	15
12. SEVERABILITY	15
13. NOTICES	16
14. FRENCH LANGUAGE – CONFLICTS	16
15. TERM	17
16. WAIVERS AND REMEDIES CUMULATIVE	16
17. GOVERNING LAW AND JURISDICTION	16

**THIS SECURITIES ACCOUNT PLEDGE AGREEMENT (TOGETHER WITH ITS SCHEDULES, THE "AGREEMENT") IS MADE BY AND BETWEEN:**

1. [\_\_\_\_], a [\_\_\_\_] having its registered office located at [\_\_\_\_] registered with the [\_\_\_\_] and represented by a duly authorised signatory for the purpose of this Agreement (the "**Pledgor**");
2. **PNC BANK, NATIONAL ASSOCIATION**, a national banking association, which registered office is located at 300 Fifth Avenue, Pittsburgh, PA 15222, USA and Tax ID (EIN) is 22- 1146430, acting as Guaranteed Creditor and as Administrative Agent under the Guaranty (as defined below); and
3. **THE OTHER GUARANTEED CREDITORS** under the Guaranty (as defined below),

(PNC Bank, National Association, and the other Guaranteed Creditors, together with their respective successors, transferees and assignees, hereinafter collectively referred to as the "**Beneficiaries**" and, as the context requires, individually, a "**Beneficiary**")

**WHEREAS:**

- (A) Pursuant to the terms and conditions of an agreement governed by the laws of the State of New York dated \_\_\_\_\_ and entitled "*Credit Agreement*", entered into between, *inter alia*, Ferroglobe Plc, as Borrower, the Guarantors (including the Pledgor) as defined therein and the Lenders mentioned therein, the Lenders have agreed to provide the Borrower with credit facilities (as so amended and as may be further amended, novated, supplemented, re-enacted and/or restated from time to time, the "**Credit Agreement**").
- (B) Pursuant to the Credit Agreement, the Pledgor has agreed to guarantee the obligations of the Borrower pursuant to the terms of an agreement entitled *Continuing Agreement of Guaranty and Suretyship*, dated \_\_\_\_\_ 2018 (the "**Guaranty**").
- (C) Pursuant to the Credit Agreement, the Pledgor has agreed to grant a pledge over the securities account ("*nantissement de compte-titres*") it holds in the books of the Account Holder in favour of the Beneficiary (as defined above) in order to guarantee the payment of the Secured Obligations (as defined below) under the Guaranty, upon the terms and conditions of this Agreement.

**NOW, THEREFORE, IT HAS BEEN AGREED AS FOLLOWS:**

**1. INTERPRETATION**

**1.1 Definitions**

In this Agreement:

- (a) unless otherwise defined herein, terms defined in this Agreement have the meaning ascribed to them in the Credit Agreement (it being specified that in the event of a conflict between a term defined in the Credit Agreement and a term defined in this Agreement, the term defined in the Credit Agreement will prevail); and
- (b) the following terms have the following meanings:

"**Account Holder**" means the Company, in its capacity as account holder ("*teneur de compte*") of the Pledged Securities Account opened in the name of the Pledgor in the books of the Company.

"**Bank Account Certificate of Pledge**" means a certificate substantially in the form set out in Schedule 4 (*Form of Bank Account Certificate of Pledge*) to this Agreement itemising any and all sums standing to the credit of the Pledged Bank Account at the date of such certificate or any other form accepted by the Administrative Agent.

"**Bank Account Holder**" means the bank in the books of which the Pledged Bank Account will be opened in accordance with the terms of this Agreement.

"**Beneficiary**" has the meaning ascribed to this term at the beginning of this Agreement.

"**Business Day**" means a day (other than Saturday or Sunday) on which banks are open for general business in Paris.

"**Cash Amounts**" means any income or proceeds ("*fruits et produits*") paid in cash attached or deriving from the Shares and/or other Eligible Financial Securities or other Financial Securities, including dividends, interim dividends, amortisation, proceeds of sale and other distributions, in any currency.

"**Certification of Pledge**" means any certificate of pledge ("*attestation de constitution de nantissement*") issued and signed by the Account Holder and listing the Shares recorded on the Pledged Securities Account at the date of such certificate, substantially in the form set out in Schedule 3 (*Form of Certification of Pledge*) to this Agreement.

"**Company**" means [\_\_\_\_\_].

"**Discharge Date**" means the date on which (i) all the Secured Obligations have been irrevocably and unconditionally discharged in full in accordance with the terms and conditions of the Loan Documents, at any time or for any reason whatsoever and no party to the Loan Documents has any commitment or liability under the Loan Documents, whether present, future, actual or contingent, or (ii) the Pledge has been released.

"**Eligible Financial Securities**" means the Shares and, pursuant to Clause 2.2 (*Financial Securities*) below, any new equity securities ("*titres de capital*") of the Company or financial securities ("*titres financiers*" as defined under the provisions of article L. 211-1, I of the French Monetary and Financial Code (*Code monétaire et financier*)) issued by the Company and held by the Pledgor, whether present or future, actual or contingent, at any time, which may complete ("*compléter*"), be added or be substituted to the Shares on the Pledged Securities Account, in any way whatsoever.

"**Event of Default**" means any default of the Pledgor, in its capacity as Guarantor under the Guaranty, to pay any amount due and payable under the Guaranty, whether in full or in part, for any reason or on any ground whatsoever.

"**Loan Documents**" means the Credit Agreement, the Administrative Agent's Letter, the Guaranty, the Indemnity, the Intercompany Subordination Agreement, the Notes, the Collateral Documents and any other instruments, certificates or documents delivered in connection herewith or therewith (each term as defined in the Credit Agreement).

"**Financial Securities**" means, within the meaning of Clause 2.2 (*Financial Securities*) below in respect of the Pledgor and at any time until the expiry of the Security Period, (i) any and all Shares and any and all Eligible Financial Securities and (ii) any and all Cash Amounts.

**"Foreign Currency Hedge"** shall mean any foreign exchange transaction, including spot and forward foreign currency purchases and sales, listed or over-the-counter options on foreign currencies, non-deliverable forwards and options, foreign currency swap agreements, currency exchange rate price hedging arrangements, and any other similar transaction providing for the purchase of one currency in exchange for the sale of another currency.

**"Guaranty"** has the meaning given to such term in paragraph (B) of the Preamble.

**"Interest Rate Hedge"** shall mean an interest rate exchange, collar, cap, swap, floor, adjustable strike cap, adjustable strike corridor, cross-currency swap or similar agreements entered into by any Loan Party in order to provide protection to, or minimize the impact upon, such Loan Party of increasing floating rates of interest applicable to Indebtedness.

**"Other Lender Provided Financial Service Product"** shall mean agreements or other arrangements under which any Lender or Affiliate of a Lender provides any of the following products or services to any of the Loan Parties: (a) credit cards, (b) credit card processing services, (c) debit cards, (d) purchase cards, (e) ACH transactions, or (f) cash management, including controlled disbursement, accounts or services.

**"Party"** means a party to this Agreement.

**"Pledge"** means the right of pledge ("*nantissement*") created over the Pledged Account pursuant to this Agreement and the Statement of Pledge, as security for the Secured Obligations to the benefit of the Beneficiaries.

**"Pledged Account"** means, as the case may be, the Pledged Securities Account and/or the Pledged Bank Account.

**"Pledged Bank Account"** means the special bank account number which shall be opened in the name of the Pledgor in the books of the Bank Account Holder, in accordance with this Agreement, which shall comprise all the Cash Amounts in accordance with the provisions of article L.211-20 of the French Monetary and Financial Code (*Code monétaire et financier*), which is an integral part of the Pledged Securities Account in accordance with the provisions of such article and the details of which shall be notified to the Administrative Agent and which will be deemed to be an integral part of the Statement of Pledge.

**"Pledged Securities Account"** means the securities account ("*compte-titres*") within the meaning of the provisions of article L.211-20 of the French Monetary and Financial Code (*Code monétaire et financier*) opened in the name of the Pledgor with the Account Holder, to the credit of which any Shares and any other Eligible Financial Securities owned by the Pledgor and representing from time to time during the Security Period 100% of the share capital and voting rights of the Company held by the Pledgor, are and will be transferred pursuant to the terms of this Agreement, the details of which are set out in Schedule 1 (*Details of the Shares and details of the Pledged Securities Account and Pledged Bank Account*) to this Agreement and on which the Shares and any other Eligible Financial Securities owned by the Pledgor are or shall be registered pursuant to this Agreement.

**"Secured Obligations"** means the Guaranteed Obligations as such term is defined in the Guaranty and includes, (a) to the extent arising pursuant to or in connection with the Credit Agreement or any other Loan Documents, any and all loans, advances, debts, liabilities and obligations owing by the Pledgor, in its capacity as Guarantor under the Guarantee, to the Beneficiaries in any capacity whatsoever, of any kind or nature, present or future (whether in principal, interest, fees, costs, expenses, commissions, accessories and other amounts due, whether or not evidenced by a note, guaranty or other instrument, whether or not for the payment of money), absolute or contingent, joint or several, due or to become due, now existing or

hereafter arising, contractual or tortious, liquidated or unliquidated, regardless of how such indebtedness or liabilities arise or whether evidenced by any agreement or instrument, (b) any and all amounts due by the Pledgor, in its capacity as Guarantor under the Guarantee, to any Beneficiary in any capacity whatsoever under any and all Foreign Currency Hedge and/or Interest Rate Hedge and (c) any amount due by the Pledgor, in its capacity as Guarantor under the Guarantee, to any Beneficiary under any Other Lender Provided Financial Service Product, all as further defined in the Guaranty, for a maximum principal amount of USD 250,000,000, increased by any other sums owed thereunder and subject at all times and in each case to the limitations set out in Section 8.2.9 (c) of the Credit Agreement and Section 23 of the Guaranty. Notwithstanding anything to the contrary contained in the foregoing, the Secured Obligations shall not include any Excluded Hedge Liabilities, as defined in the Credit Agreement.

"**Security Period**" means the period beginning on the date hereof and ending on the Discharge Date.

"**Security Rights**" means any mortgage, charge, security, pledge, lien, right of set-off, right of step-in, right to retention of title or other encumbrance, whether fixed or floating, over any present or future property, asset or undertaking.

"**Shares**" means all the [ \_\_\_\_\_ ] each held by the Pledgor in the issued share capital of the Company at the date of the Statement of Pledge delivered by the Pledgor substantially in the form set out in Schedule 2 (*Form of Statement of Pledge*) to this Agreement and pledged under this Agreement and the Statement of Pledge, representing on the date hereof [ % ] the share capital and voting rights of the Company.

"**Statement of Pledge**" means the statement of pledge ("*déclaration de nantissement de titres financiers*") relating to the Pledged Securities Account to be signed by the Pledgor on the date of this Agreement in favour of the Beneficiaries, pursuant to this Agreement and substantially in the form of Schedule 2 (*Form of Statement of Pledge*) to this Agreement.

## 1.2 Construction

- (a) In this Agreement, unless a contrary indication appears, a reference to:
- (i) a Clause or a Schedule is, unless otherwise specified, a reference to a clause or a schedule to this Agreement;
  - (ii) a provision of a law is a reference to that provision as amended or re-enacted;
  - (iii) words importing the plural shall include the singular and vice versa;
  - (iv) a person is a reference to or includes its successors, transferees and assigns;
  - (v) an agreement or document includes a reference to that agreement or document as varied, novated, supplemented or replaced from time to time; and
  - (vi) "financial securities" in a company is a reference to the financial securities ("*titres financiers*") in such company in accordance with the provisions of article L.211-20 of the French Monetary and Financial Code (*Code monétaire et financier*).
- (b) The index to and the headings in this Agreement are for convenience purposes only and are to be ignored in construing this Agreement.
- (c) Nothing in this Agreement shall restrict or prohibit any transaction which is not prohibited under the Loan Documents.

## 2. PLEDGE

### 2.1 Pledged Account

As security for the full and punctual repayment, discharge and performance of the Secured Obligations, the Pledgor irrevocably pledges in favour of the Beneficiaries the Pledged Account in accordance with the provisions of article L.211-20 of the French Monetary and Financial Code (*Code monétaire et financier*). The Pledgor agrees that the Secured Obligations under this Agreement shall not be affected in case of a merger of the Beneficiaries or the Pledgor.

[Notwithstanding anything to the contrary herein, the Pledge does not secure any payment obligation that may constitute a violation of the prohibition of financial assistance under Spanish law (i.e., articles 143.2 and 150.1 of the Spanish Companies' Act (*Ley de Sociedades de Capital*), as the case may be) by the Pledgor and therefore should any such obligations exist they are excluded from the scope of Secured Obligations.]

### 2.2 Financial Securities

(a) Without prejudice to Clause 2.1 (Pledged Account) above and subject to the provisions of Clauses 2.3 (Income and Proceeds) and 7 (Enforcement) below, in this Agreement:

- (i) any financial securities for any reason whatsoever substituted, or added to, for the Financial Securities, including any and all Cash Amounts, whatever their nature, relating to such financial securities or resulting therefrom, in accordance with the provisions of article L.211-20 of the French Monetary and Financial Code (*Code monétaire et financier*); and
- (ii) more generally, any shares or other financial securities attributed to, and any additional shares or other financial securities acquired by, the Pledgor and constituting ownership interests in the Company or any legal entity resulting from the conversion or merger of the Company or any similar operation,

shall automatically be deemed to be part of the Financial Securities for the purposes of this Agreement and shall be promptly credited to (i) the Pledged Securities Account in respect of any Eligible Financial Securities held by the Pledgor and (ii) the Pledged Bank Account in respect of any Cash Amounts without any such operation constituting in any manner a novation of the rights and security granted to the Beneficiaries under this Agreement. The Pledgor shall use its best endeavours that the Account Holder and the Bank Account Holder sign all documents and take all action reasonably necessary to confirm the same in favour of the Beneficiaries.

(b) The Administrative Agent (acting in the name and on behalf, and on the instruction, of the Beneficiaries) shall be entitled to request, in accordance with the provisions of article L.211-20, I of the French Monetary and Financial Code (*Code monétaire et financier*), the delivery from the Account Holder, at any time, of a Certification of Pledge itemising the Shares and, if applicable, the Eligible Financial Securities recorded in the Pledged Securities Account at the date of such certificate.

(c) The Pledgor shall not be entitled to replace or substitute all or part of its Financial Securities except (i) as authorised or not prohibited under the Loan Documents or this Agreement or (ii) with the prior written consent of the Administrative Agent (acting in the name and on behalf, and on the instruction, of the Beneficiaries) (not to be unreasonably withheld or delayed).

- (d) The Beneficiaries agree that the Pledgor shall be entitled to exercise all voting rights attached to the Shares in its sole discretion subject only to Clause 5.5 (*Voting rights*) below.
- (e) Without prejudice to the terms of Clause 2.2(a) above, in the event that the Company intends to pursue a decrease of its share capital (in particular if it is motivated by losses), the Pledgor agrees to promptly inform the Administrative Agent of the proposed decrease and, in any event, not to pursue such decrease without the prior written consent of the Administrative Agent acting in the name and on behalf of the Beneficiaries (such consent not to be unreasonably withheld or delayed), prior to the date on which the shareholders of the Company are called to vote thereon. In the event that such intended share capital decrease has obtained the prior written consent of the Beneficiaries acting through the Administrative Agent, it is specified, agreed and warranted between the Parties that the Pledge shall include all of the remaining Shares of the Company resulting from such share capital decrease, at all times in compliance with Clause 2.2(a) above.
- (f) In the event that the Pledgor purchases or otherwise becomes the holder of any other Eligible Financial Securities or, more generally, any other Financial Securities, which are not initially within the scope of the Pledge, the Pledgor undertakes to transfer (i) such number of shares or Eligible Financial Securities to the Pledged Securities Account so that the Shares and the Eligible Financial Securities credited to the Pledged Securities Account shall represent at all times during the Security Period 100% of the share capital and voting rights of the Company held by the Pledgor and (ii) all Cash Amounts related thereto on the Pledged Bank Account.

### **2.3 Income and Proceeds**

- (a) The Pledgor shall open, at the latest 30 calendar days after the signature of this Agreement, the Pledged Bank Account in France. Immediately after the opening of the Pledged Bank Account, the Pledgor shall, during a period not exceeding 20 Business Days from the date hereof, use its best endeavours so that the Bank Account Holder issue a Bank Account Certificate of Pledge. The Pledgor shall notify the details of the Pledged Bank Account to the Administrative Agent and shall confirm to it in writing that this information forms an integral part of the Statement of Pledge.
- (b) As from the opening of the Pledged Bank Account and in accordance with the provisions of article L.211-20 of the French Monetary and Financial Code (*Code monétaire et financier*), any Cash Amount shall be recorded on the Pledged Bank Account and the Pledgor shall instruct the Company to pay any Cash Amount on the Pledged Bank Account in accordance with the provisions of article L.211-20 of the French Monetary and Financial Code (*Code monétaire et financier*). The Pledged Bank Account shall be deemed to be an integral part of the Pledged Securities Account. The Administrative Agent (acting on the instructions of the Beneficiaries) shall be entitled to request, in accordance with the provisions of article L.211-20, III of the French Monetary and Financial Code (*Code monétaire et financier*), the delivery from the Bank Account Holder, at any time, of a Bank Account Certificate of Pledge itemising the sums standing to the credit of the Pledged Bank Account at the date of such certificate.
- (c) To the extent permitted by applicable law, the Pledge created under this Agreement shall not be affected by any time or indulgence granted to any person, or any abstention or delay by the Beneficiaries in perfecting or enforcing any security interest or rights or remedies that it may now or at any time in the future have from or against the Pledgor.
- (d) Subject to the terms of the Credit Agreement, the Pledgor shall be entitled to use freely the Cash Amounts paid in connection with the Shares and/or other Eligible Financial

Securities credited to the Pledged Bank Account prior to the occurrence of an Event of Default. However, upon the occurrence of an Event of Default which has not been waived in writing by the Administrative Agent in the name and on behalf of the Beneficiaries, or remedied to the satisfaction of the Beneficiaries, the Administrative Agent may, in the name and on behalf of the Beneficiaries, notify the Pledgor, the Account Holder and the Bank Account Holder of the occurrence of such Event of Default and upon receipt of such notice, the Bank Account Holder shall comply with its obligations set forth in the Bank Account Certificate of Pledge. In particular, the Pledgor shall instruct the Bank Account Holder (i) to freeze any amount placed on the Pledged Bank Account for the account of the Beneficiaries and (ii) to accept the instructions from the Administrative Agent in respect of the operation of the Pledged Bank Account. As from the occurrence of an Event of Default, any Cash Amount (including received on or after the date of receipt of such notice) standing to the credit of the Pledged Bank Account may not be withdrawn, freely used or disposed by the Pledgor in any manner whatsoever.

- (e) For the avoidance of doubt, as soon as an Event of Default has been remedied to the satisfaction of the Beneficiaries or waived in writing by the Administrative Agent on their behalf, the Pledgor will be again entitled to use all Cash Amounts standing to the credit of the Pledged Bank Account and the Administrative Agent shall promptly notify the Bank Account Holder in writing of the same.

## **2.4 Creation of the Pledge**

Immediately upon execution of this Agreement and in relation to the Pledged Account:

- (a) the Pledgor shall execute the Statement of Pledge in French and procure that the Account Holder records (or instructs a designee to record) in the Company's share transfer register ("*registre de mouvements de titres*") and the Pledged Securities Account that the Shares have been transferred to the Pledged Securities Account and that the Pledged Securities Account is pledged in favour of the Beneficiaries by virtue of the Statement of Pledge; a copy of such updated share transfer register, duly certified by an authorized signatory of the Company, shall be provided by the Pledgor to the Beneficiaries together with the Certification of Pledge.
- (b) the Pledgor shall deliver one executed copy of the Statement of Pledge to the Beneficiaries;
- (c) the Pledgor shall, on the signing date of the Credit Agreement, deliver to the Beneficiaries the Certification of Pledge;
- (d) the Pledgor shall use its best endeavours so that the Bank Account Holder provides the Beneficiaries with the Bank Account Certificate of Pledge as soon as possible after the opening of the Pledged Bank Account; and
- (e) the Pledgor shall procure that any Eligible Financial Securities be credited directly to the Pledged Securities Account immediately upon the Pledgor becoming the owner of the Eligible Financial Securities.

## **3. PRESERVATION OF SECURITY**

### **3.1 Continuing security**



Subject to Clause 9 (*Covenant to Release*) below, the Pledge is a continuing security and shall extend to the ultimate balance of the Secured Obligations, regardless of any intermediate partial payment or discharge in part of the Secured Obligations.

### **3.2 Additional security**

The Pledge is in addition to, and is not in any way prejudiced by, any other security now or hereafter held by the Beneficiaries in respect of the Secured Obligations.

### **3.3 Security transfer**

(a) In the event that any Beneficiary assigns, transfers or otherwise disposes of any part or all of its rights and obligations under the Guaranty, it is expressly provided hereby – and the Pledgor expressly accepts – that such assignment, transfer or disposal shall not result in a reduction, obsolescence or extinction of any of its security rights and privileges hereunder in respect of the rights so assigned, transferred or otherwise disposed of under this Agreement and the Statement of Pledge. All rights and privileges under this Agreement and the Statement of Pledge shall continue to secure the Secured Obligations, to the pro rata benefit of the assignee(s), transferee(s) or successor(s), without any further formality.

(b) In the event that such assignment, transfer or disposal occurs by way of novation, or is deemed to occur by novation, each Beneficiary expressly reserves and maintains the security rights and privileges under this Agreement and the Statement of Pledge for the pro rata benefit of its assignees, transferees or successors in accordance with the provisions of article 1334 of the French Civil Code (*Code civil*) without further formalities.

## **4. REPRESENTATIONS AND WARRANTIES**

### **4.1 General**

Without prejudice to the representations and warranties set out in Section 6 (*Representations and Warranties*) of the Credit Agreement and those set out in the Guaranty, the Pledgor makes the representations and warranties set out in this Clause 4 to the Beneficiaries.

### **4.2 By-laws**

The by-laws (*statuts*) of the Company contain no restriction to the transfer or pledge of the shares in the Company, such as any requirement to obtain any prior consent ("*agrément*").

The by-laws (*statuts*) of the Company do not contain any term (such as a "*clause d'agrément*") which would require the agreement of any person or corporate body in order to carry out the enforcement of the Pledge.

### **4.3 Ownership**

(a) It has valid title over, and is the sole legal owner of, the Cash Amounts and, as from the date on which the Pledge Bank Account is opened, of the Pledged Bank Account.

(b) It has valid title over, and is the sole legal owner of, the Shares, the Pledged Securities Account and any other Eligible Financial Securities.

(c) All Shares and any other Eligible Financial Securities have been validly issued and fully paid up and are not subject to any security, option to purchase or similar rights and there are no agreements in force which provide for the issue of allotment of, or grant any

person the right to call for issue or allotment of, any Share or other Eligible Financial Securities other than the Pledge.

- (d) The Shares, on the date of this Agreement, and the Shares and the Eligible Financial Securities, throughout the Security Period, credited to the Pledged Securities Account represent 100% of the share capital and voting rights of the Company owned by the Pledgor.
- (e) On the date of this Agreement, the share capital of the Company is divided into [ ] ordinary shares with a nominal value of [\_\_\_\_\_], each having the same rights attached to them, and the Company has issued no financial securities (*titres financiers* as defined under the provisions of article L. 211-1, I of the French Monetary and Financial Code (*Code monétaire et financier*)) other than such shares.

#### **4.4 Corporate object and interest**

The execution and the entry into this Agreement and the Statement of Pledge by the Pledgor and the performance of any of its rights and obligations hereunder fall within its corporate object and are not contrary to its corporate interest.

#### **4.5 Rights attached to the Shares**

There is no shareholders' agreement in force, nor any other agreement of any nature whatsoever, entered into by any shareholder of the Company in respect of the holding or transfer of the shares in the Company or any financial securities (*titres financiers* as defined under the provisions of article L. 211-1, I of the French Monetary and Financial Code (*Code monétaire et financier*)) issued by the Company, or the rights attached to such shares (or to each category or sub-category of shares) or financial securities, that would adversely affect the Pledge granted under this Agreement.

#### **4.6 Time when representations made**

- (a) Except where provided otherwise, all the representations and warranties in this Clause 4 are made by the Pledgor on the date of this Agreement and are also deemed to be repeated throughout the Security Period:
  - (i) on the first day of each Interest Period under the Credit Agreement; and
  - (ii) on each Payment Date under the Credit Agreement;
- (b) Each representation or warranty deemed to be made after the date of this Agreement shall be deemed to be repeated by reference to the facts and circumstances then existing in accordance with Section 6 (*Representations and Warranties*) of the Credit Agreement and the terms of the Guaranty.

### **5. UNDERTAKINGS**

#### **5.1 Duration**

The undertakings in this Clause 5 remain in force from the date of this Agreement until the Discharge Date.

#### **5.2 Notification**

The Pledgor shall:

- (a) provide upon reasonable request the Administrative Agent (acting in the name and on behalf of the Beneficiaries) with all details in respect of the Pledged Account;
- (b) notify the Administrative Agent of the agreement to acquire any Eligible Financial Securities five (5) Business Days before such acquisition;
- (c) as soon as reasonably practicable notify the Administrative Agent of the allotment, offer or issue of any Eligible Financial Securities; and
- (d) promptly notify the Administrative Agent of any occurrence which is materially adverse to the Cash Amounts on the credit balance of the Pledged Bank Account.

### **5.3 Management of the Pledged Account**

- (a) The Pledgor will procure that the Account Holder and the Bank Account Holder credit to the Pledged Financial Instruments Account or the Pledged Bank Account, as applicable, any Financial Securities and Cash Amounts attributed to, or acquired by, it in accordance with Clause 2.2 (*Financial Securities*) and/or Clause 2.3 (*Income and Proceeds*) above and subject to Clause 7 (*Enforcement*) below and will sign all documents and take all action reasonably necessary to this effect; and
- (b) Unless it has obtained the prior written consent of the Administrative Agent acting upon instructions of the Beneficiaries (such consent not to be unreasonably withheld or delayed), but subject always to the terms of Clause 2.2(a), the Pledgor will not and will not take any steps to (i) place or permit any Shares and/or other Eligible Financial Securities to be placed in an account other than the Pledged Securities Account, (ii) place or permit any Cash Amount to be placed in an account other than the Pledged Bank Account, (iii) close or transfer the Pledged Securities Account or (iv) close or transfer the Pledged Bank Account.

### **5.4 Voting rights**

The Pledgor will not exercise the voting rights attached to its Financial Securities in a manner that will materially and adversely affect the rights of the Beneficiaries under this Agreement or cause an Event of Default as defined under the Credit Agreement to occur.

### **5.5 Information**

- (a) From the date of this Agreement and throughout the Security Period, the Pledgor undertakes to promptly provide to the Administrative Agent, all information relating to the Pledged Account and the Financial Securities which the Beneficiaries or the Administrative Agent may from time to time reasonably require.
- (b) Upon becoming aware thereof, the Pledgor will promptly inform the Administrative Agent, of any disputes relating to the Pledged Account and the Financial Securities.
- (c) The Pledgor undertakes, at its own cost, to take all necessary legal steps to defend its rights in respect of the Shares, other Eligible Financial Securities and/or the Cash Amounts against the claim or demand of any and all persons with a view to preserving the rights of the Beneficiaries over the Pledged Account and shall promptly keep the Administrative Agent, informed of any such claim or demand.
- (d) The Pledgor authorises the Beneficiaries and the Administrative Agent to request at any time that the Bank Account Holder or the Account Holder, as applicable, provide

information and copies of reports and records in respect of the Pledged Account, including the Certificate of Pledge and the Bank Account Certificate of Pledge and the Pledgor will take all actions necessary to this effect.

## 6. LIABILITY TO PERFORM

It is expressly agreed that the Pledgor shall remain liable to observe and perform all of the rights and obligations assumed by it in respect of the Financial Securities and the Pledged Account and the Beneficiaries shall be under no obligation or liability by reason of, or arising out of, this Agreement. None of the Beneficiaries or the Administrative Agent shall be required in any manner to perform or fulfil any obligation of the Pledgor in respect of the Financial Securities and the Pledged Account or to make any payment or to present or file any claim or take any other action to collect or enforce the payment of any amount to which it may have been or to which it may be entitled hereunder at any time.

## 7. ENFORCEMENT

Upon the occurrence of an Event of Default, the Beneficiaries may enforce the Pledge and, in order to recover the Secured Obligations, the Beneficiaries shall be entitled to exercise all rights, actions and privileges by virtue of this Agreement and which are available to a pledgee under the provisions of French law for the payment of the Secured Obligations, including without limitation, the enforcement of the Pledge upon eight (8) Business Days' prior written notice ("*mise en demeure*") remained without effect, such notice to be sent to the Pledgor with a copy to the Bank Account Holder and the Account Holder in accordance with the provisions of article L.521-3 of the French Commercial Code (*Code de commerce*).

In particular, the Beneficiaries shall be entitled:

- (a) in respect of the Eligible Financial Securities, either:
  - (i) to request the judicial attribution ("*attribution en justice*") of the Eligible Financial Securities in accordance with the provisions of article 2347 of the French Civil Code (*Code civil*); or
  - (ii) to request the sale of the Eligible Financial Securities at a public auction ("*vente publique*") in accordance with the provisions of article L.521-3 of the French Commercial Code (*Code de commerce*); or
  - (iii) to request the transfer of the ownership of all, or a portion of, the Eligible Financial Securities, without prior court order, in accordance with the provisions of articles L.521-3 of the French Commercial Code (*Code de commerce*) and 2348 of the French Civil Code (*Code civil*), in which case:
    - a. the Eligible Financial Securities will be transferred to the Beneficiaries based on the value of the Eligible Financial Securities determined by an expert appointed by mutual agreement between the Parties and chosen amongst the following: KPMG, PwC and Ernst & Young. If, (i) according to the reasonable opinion of one of the Parties, all Experts are involved in conflicts of interests and if this situation has been promptly notified to the other Parties or (ii) the Experts refuse to be appointed as Experts, the Parties shall negotiate, in good faith, in order to appoint an independent expert practicing in Paris within five (5) Business Days following either the notification or the refusal mentioned above. The independent expert shall be chosen on the list of experts listed on the register of the court of Appeal of Paris (*liste des experts auprès de la*

*Cour d'Appel de Paris*) under section "*Economie et Finance*", sub-section "*comptabilité*" or "*Finances*" and the specialisation of which is the valuation of shares ("*évaluation de droits sociaux, fusions, scission et apports*") or any list to replace such list, provided that the Parties, acting reasonably, consider that the appointed Expert is not involved in any conflict of interests. If, when this deadline expires, the Parties have not appointed an expert or have not reached an agreement with respect to the appointment of an expert, the President of the Commercial Court of Paris (*Tribunal de commerce de Paris*) will be in charge, at the request of the most diligent party, to appoint an expert among one of the leading banks or audit firms carrying out business in France;

- b. the value of the Eligible Financial Securities as of the date of enforcement of the Pledge (the "**Value**") will be determined by the Expert within thirty (30) days of the date of its appointment; save in case of manifest or gross error (*erreur manifeste ou grossière*), the decision of the Expert will be final and binding on the Parties and cannot be challenged;
  - c. the Pledgor and the Beneficiaries shall not be responsible for the Value retained for the enforcement of the Pledge;
  - d. if the Value is higher than the amount of the Secured Obligations as of the enforcement date of the Pledge (the positive difference being hereinafter referred to as "cash adjustment"), the Beneficiaries shall pay to the Pledgor the cash adjustment within 15 days as from the enforcement date of the Pledge;
  - e. the Pledgor undertakes to execute any document and to accomplish any formalities in order to implement the transfer of the Eligible Financial Securities to the Beneficiaries within a maximum period of ten (10) days after the Expert's decision; and
  - f. notwithstanding the provisions of this paragraph (iii), and in the course of the proceedings set forth in such paragraph (iii), the Beneficiaries will have the ability to initiate any of the proceedings mentioned in paragraph (i) and (ii) should the Beneficiaries consider these proceedings more appropriate for the protection of the interests of the Beneficiaries; and
- (b) in respect of the Cash Amounts, to transfer title to such Cash Amounts to it, to the extent necessary to discharge in full any outstanding Secured Obligation, together with the costs, fees and any liabilities incurred in connection with the enforcement of the Pledge and the transfer of title to such Cash Amounts.

#### **8. APPLICATION OF PROCEEDS**

Any moneys received by the Beneficiaries from the Pledgor or any third party pursuant to this Agreement shall be applied in accordance with the provisions of the Guaranty.

#### **9. COVENANT TO RELEASE**

On or as soon as practicable after the Discharge Date, the Beneficiaries shall, at the cost of the Pledgor, execute all documents and take any action necessary to release ("*donner mainlevée*") the Pledge and discharge the Pledgor from its liability hereunder.

## **10. EXPENSES, INDEMNITIES AND TAXES**

The Pledgor will pay the Beneficiaries all reasonable costs and expenses in accordance with Section 20 (c) (*Expenses*) of the Guaranty.

## **11. ADMINISTRATIVE AGENT**

### **11.1 Appointment**

- (a) For the avoidance of doubt, each Beneficiary has appointed the Administrative Agent as its agent (*mandataire*), to act in its name and on its behalf hereunder and in connection herewith.
- (b) Each Beneficiary authorises the Administrative Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Administrative Agent under or in connection with the Pledge together with any other incidental rights, powers, authorities and discretions.

### **11.2 Instructions**

- (a) The Administrative Agent shall:
  - (i) unless a contrary indication appears herein, exercise or refrain from exercising any right, power, authority or discretion vested in it as Administrative Agent in accordance with any instructions given to it by the Beneficiaries; and
  - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph (i) above.
- (b) In the absence of instructions, the Administrative Agent may act (or refrain from acting) as it considers to be in the best interest of the Beneficiaries.
- (c) The Administrative Agent is not authorised to act on behalf of a Beneficiary (without first obtaining that Beneficiary's consent) in any legal or arbitration proceedings relating to this Pledge.

## **12. CHANGES TO THE PARTIES**

All the rights, privileges, powers, discretions and authorities of each Beneficiary hereunder will benefit its respective successors, transferees and assignees and all terms, conditions, representations and warranties and undertakings of the Pledgor hereunder shall oblige its respective successors, transferees and assignees in the same manner, it being agreed and understood that:

- (a) the Pledgor shall not assign, transfer, novate or dispose of any of, or any interest in, its rights and/or obligations under this Agreement; and
- (b) each Beneficiary shall be entitled to assign, transfer, novate or dispose of any of, or any interest in, its rights and/or obligations hereunder to any successor, transferee and assignee in accordance with the relevant provisions of the Guaranty.

**13. SEVERABILITY**

**13.1** If a provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction in respect of the Pledgor and/or the Account Holder and/or the Bank Account Holder, it shall not affect:

- (a) the validity or enforceability of any other provision of this Agreement in such jurisdiction; or
- (b) the validity or enforceability of such or any other provision of this Agreement in other jurisdictions.

**13.2** If a provision of this Agreement is or becomes illegal, invalid or unenforceable, the Parties shall negotiate in good faith with a view to replacing such provision by a provision which is legal, valid and enforceable and which is, to the extent applicable, consistent with the intention and purposes of this Agreement and which in its economic effect is as similar as practicable to the provision of this Agreement which is being replaced.

**14. NOTICES**

Except as specifically provided otherwise in this Agreement, all notices or other communications under or in connection with this Agreement shall be given to each Party in accordance with the provisions of Section 11 (*Notices*) of the Guaranty.

Any notice to the Beneficiaries or the Administrative Agent shall be addressed to:

**PNC Bank, National Association**

Fourth Floor  
500 First Avenue, MS P7-PFSC-04-I  
Pittsburgh, PA 15219  
To the attention of: Agency Services Loan Administration  
Fax: +1 412-705-2400

**15. FRENCH LANGUAGE – CONFLICTS**

The Statement of Pledge executed by the Pledgor pursuant to Clause 2.4 (*Creation of the Pledge*) above shall be made in the French language only and shall be binding on the Pledgor. The French language version of the Statement of Pledge shall prevail over any English translation.

**16. NO HARDSHIP**

Each Party hereby acknowledges that the provisions of article 1195 of the French *Code Civil* shall not apply to it with respect to its obligations under this Agreement and that it shall not be entitled to make any claim under article 1195 of the French *Code Civil*.

**17. CADUCITE**

If at any time this Agreement becomes *caduc* for any reason whatsoever, inter alia, by virtue of article 1186 of the French *Code Civil*, the Parties agree that such *caducité* will only be effective for the future and shall not have any retroactive effect. The Parties expressly agree that in such case any provision of this Agreement which is intended to survive the termination of this Agreement for any reason, shall continue in full force and effect.

**18. PRECONTRACTUAL INFORMATION**

- (a) On the date hereof, all information items instrumental for the consent of one Party, whether required or not, have been obtained by the relevant Party and information

requests of a Party, regarding, among others, the provisions of this Agreement (including the Schedules), have been met by the other Party.

- (b) The provisions of this Agreement (including its Schedules) were negotiated in good faith by the Parties which have freely agreed thereto, taking into account the mutual obligations arising from this Agreement.

**19. TERM**

This Agreement shall remain in full force and effect until the Discharge Date.

**20. WAIVERS AND REMEDIES CUMULATIVE**

**20.1** The rights of the Beneficiaries under this Agreement:

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of their respective rights under general law; and
- (c) may be waived only in writing and specifically.

**20.2** Failure to exercise or delay by the Beneficiaries in exercising or not exercising any right under this Agreement is not a waiver of such right. The single or partial exercise of any right or remedy will not prevent any further or other exercise of any other right under this Agreement or remedy.

**21. GOVERNING LAW AND JURISDICTION**

**21.1 Governing law**

This Agreement and the Statement of Pledge shall be governed by, and construed in accordance with, French law.

**21.2 Jurisdiction**

- (a) The Parties agree that the courts of France have jurisdiction to settle any disputes in connection with this Agreement and the Statement of Pledge and accordingly submit to the jurisdiction of the Commercial Court of Paris ("*Tribunal de commerce de Paris*").
- (b) The submission to the jurisdiction of the Commercial Court of Paris (*Tribunal de commerce de Paris*) shall not (and shall not be construed so as to) limit the right of the Beneficiaries to take proceedings against the Pledgor in any other court of competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by French law.



Made on \_\_\_\_\_ 2018

In three (3) originals

**The Pledgor**

[ \_\_\_\_\_ ]

---

By:  
Title:  
as duly authorised signatory for the purpose of this Agreement

**The Administrative Agent**

**PNC BANK, NATIONAL ASSOCIATION**

---

By: Mahir J. Desai  
Title: Vice President  
as duly authorised signatory for the purpose of this Agreement

**The Beneficiaries (as Guaranteed Creditors under the Guaranty), represented by**

**PNC BANK, NATIONAL ASSOCIATION**

---

By: Mahir J. Desai  
Title: Vice President  
as duly authorised signatory for the purpose of this Agreement

**SCHEDULE 1  
 DETAILS OF THE SHARES AND DETAILS OF THE PLEDGED SECURITIES ACCOUNT  
 AND PLEDGED BANK ACCOUNT**

**PART 1  
 DETAILS OF THE SHARES**

Company	Nature	Number	% of share capital	Par value (each)

**PART 2  
 DETAILS OF THE PLEDGED SECURITIES ACCOUNT AND PLEDGED BANK ACCOUNT**

Owner	Account Holder	Number
	<b>Bank Account Holder</b>  Name of bank:  Branch:  Address:	

**SCHEDULE 2**  
**DECLARATION DE NANTISSEMENT DE COMPTE DE TITRES FINANCIERS**  
(soumise aux dispositions de l'article L. 211-20 du Code monétaire et financier)

**LA SOUSSIGNEE :**

[\_\_\_\_], une [\_\_\_\_] de droit [\_\_\_\_] immatriculée au Registre du Commerce de [\_\_\_\_] et dont le siège social est situé [\_\_\_\_] et représentée par un signataire dûment habilité aux fins des présentes,

Ci-après désignée le "**Constituant**",

**CONSTITUE EN NANTISSEMENT LE COMPTE-TITRES SUIVANT :**

Son compte-titres numéro [\_\_\_\_],

Ci-après désigné le "**Compte-Titres Nanti**",

**OUVERT DANS LES LIVRES DE :**

[\_\_\_\_] une [\_\_\_\_] de droit [\_\_\_\_], immatriculée au Registre du Commerce et des Sociétés de [\_\_\_\_] sous le numéro [\_\_\_\_] et dont le siège social est situé [\_\_\_\_],

Ci-après désignée le "**Teneur de Compte**" ou la "**Société**",

**DANS LEQUEL SONT INITIALEMENT INSCRITS LES TITRES FINANCIERS CI-APRÈS DESIGNES :**

Quantité	Désignation	Devise	Valeur unitaire nominale
[____]	Actions ordinaires de la Société, représentant à la date de la présente déclaration de nantissement 100% du capital et des droits de vote de la Société.	Euro	[____]

Ci-après désignés les "**Titres Financiers**",

**ET CONSTITUE EN NANTISSEMENT LE COMPTE FRUITS ET PRODUITS, dont les détails ci-après :**

Numéro de compte bancaire,  
ouvert dans les livres de [\_\_\_\_],  
et IBAN,

seront communiqués à l'Agent Administratif conformément aux termes de l'Article 2.3 de la Convention.

Ci-après désigné le "**Compte Fruits et Produits**",

**AU BENEFICE DES BENEFICIAIRES (BENEFICIARIES) SUIVANTS :**

**PNC BANK, NATIONAL ASSOCIATION**, une *national banking association*, ayant son siège social au 300 Fifth Avenue, Pittsburgh, PA 15222, USA et dont le numéro Tax ID (EIN) est 22-1146430, en qualité de Créancier Garanti ("*Guaranteed Creditor*") et d'Agent Administratif ("*Administrative Agent*"), et

**LES AUTRES CREANCIERS GARANTIS** ("*Guaranteed Creditors*"), ainsi que leurs successeurs, cessionnaires et ayants-droit respectifs,

au titre de la garantie intitulée "*Continuing Agreement of Guaranty and Suretyship*" en date du \_\_\_\_\_ 2018, conclue entre les Garants ("*Guarantors*") dont [\_\_\_\_\_] et PNC Bank National Association, en qualité d'Agent Administratif ("*Administrative Agent*") au bénéfice des Créanciers Garantis (telle que pouvant être modifiée, amendée et/ou complétée après la date des présentes, la "**Garantie**").

Ci-après collectivement désignés les "**Bénéficiaires**" et, selon le contexte, individuellement un "**Bénéficiaire**",

**EN GARANTIE DU PAIEMENT DES SOMMES DUES AU TITRE DES OBLIGATIONS CI- APRES DEFINIES :**

**Nature :**

Les Obligations Garanties (*Guaranteed Obligations*), tel que ce terme est défini dans la Garantie (*Guaranty*) et incluant, sous réserve des limitations visées à l'article 8.2.9(c) de la Convention de Crédit (*Credit Agreement*) tel que ce terme est défini dans la Garantie (*Guaranty*) et celles visées à l'article 23 de la Garantie, (a) pour autant qu'elles résultent de la Convention de Crédit ou tout autre document de prêt (*Loan Document*) ou s'y rapportent, tous emprunts, avances, dettes, passifs et autres obligations dues par le Constituant, en sa qualité de Garant (*Guarantor*) au titre de la Garantie (*Guaranty*), aux Bénéficiaires (*Beneficiaries*) en quelque capacité que ce soit, de toute sorte ou nature, présentes ou futures (en principal, intérêt, frais, dépenses, commissions, accessoires ou toute autre somme due, documentés ou non par une reconnaissance de dette, garantie, ou autre instrument, consistant ou non en un paiement d'une somme d'argent), finales ou conditionnelles, qui seraient dues séparément ou conjointement, dues ou à devoir, existant à ce jour ou encourues à toute autre date postérieure, à titre contractuel ou délictuel, consistant éventuellement en des dommages et intérêts ou des pénalités (*liquidated* ou *unliquidated*), que ces passifs ou ces dettes soient nés ou non d'un contrat ou d'un instrument, (b) toutes sommes dues par le Constituant en sa qualité de Garant (*Guarantor*) aux titre de la Garantie (*Guaranty*) à un Bénéficiaire en quelque capacité que ce soit, au titre de toute couverture de taux de change ("*Foreign Currency Hedge*") et/ou de taux d'intérêt ("*Interest Rate Hedge*") et (c) toutes sommes dues par le Constituant en sa qualité de Garant (*Guarantor*) au titre de la Garantie (*Guaranty*) à la un Bénéficiaire en quelque capacité que ce soit, au titre de tous services financiers ("*Financial Service Products*"), tels que ces termes sont définis dans la Garantie (*Guaranty*). Nonobstant toute clause contraire des présentes ou des documents ci-dessus visés, les Obligations Garanties n'inclueront pas les sommes dues au titre de toute Obligation de Couverture Exclue (*Excluded Hedge Liabilities*), telles que définies dans la Convention de Crédit.

**Montants garantis :**

Un montant maximum total en principal de :

**Deux cent cinquante millions** de dollars US (**250.000.000 US\$**), augmenté du montant de toute autre somme due au titre des documents visés ci-dessus, et à tout moment sous réserve des limitations mentionnées à l'article 8.2.9 (c) de la Convention de Crédit et de celles mentionnées à l'article 23 de la Garantie,

majoré de tous intérêts, intérêts de retard, escomptes, frais, commissions et accessoires et autres dépenses supportés par les Bénéficiaires ("*Beneficiaries*") en relation avec la protection, la préservation ou la mise en œuvre de leurs droits au titre de la Convention (telle que définie ci-après).

Ci-après désignées les "**Obligations Garanties**",

**DANS LES CONDITIONS SUIVANTES :**

Conformément aux dispositions de l'article L.211-20 du Code monétaire et financier, le Constituant affecte en nantissement au bénéfice du Bénéficiaire le Compte-Titres Nanti en garantie du paiement et remboursement de l'intégralité des Obligations Garanties.

Le compte bancaire qui sera ouvert au nom du Constituant et destiné à recevoir les fruits et produits des Titres Financiers nantis conformément aux dispositions de l'article L.211-20 du Code monétaire et financier est réputé faire partie intégrante du Compte-Titres Nanti à la date de signature de la présente déclaration de nantissement (le "**Compte Fruits et Produits**").

Le nantissement du Compte-Titres Nanti et du Compte Fruits et Produits (le "**Nantissement**") est consenti par le Constituant selon les termes et dans les conditions prévus à la convention de nantissement de compte-titres ("*Securities Account Pledge Agreement*") en date du \_\_\_\_\_ 2018 (la "**Convention**") conclue entre le Constituant, les Bénéficiaires et l'Agent Administratif, faisant partie intégrante de la présente déclaration de nantissement et définissant les modalités de fonctionnement du Compte-Titres Nanti et du Compte Fruits et Produits et de réalisation du Nantissement.

Les Titres Financiers, ceux qui leur sont substitués ou les complètent, de quelque manière que ce soit, dans les termes de la Convention, sont compris dans l'assiette du Nantissement.

Le Constituant ne pourra disposer des Titres Financiers que conformément aux termes de la Convention.

Le Constituant et les Bénéficiaires ne seront en aucun cas responsables de la Valeur ("*Value*") à laquelle sera effectuée la réalisation du Nantissement. Les frais résultant de la réalisation du Nantissement demeureront à la charge du Constituant et seront imputés sur le produit de cette réalisation.

Les termes de la présente déclaration de nantissement commençant par une majuscule ont la signification qui leur est donnée aux termes de la présente déclaration de nantissement ou, à défaut, de la Convention.

La présente déclaration de nantissement est soumise au droit français et sera interprétée conformément à celui-ci. Toute contestation relative à la validité, l'interprétation ou l'exécution de la présente déclaration de nantissement sera de la compétence du Tribunal de commerce de Paris.

Fait le \_\_\_\_\_ 2018

en un (1) exemplaire original

**Le Constituant**

[ \_\_\_\_\_ ]

Par :

**STATEMENT OF PLEDGE OVER FINANCIAL SECURITIES ACCOUNT**  
(subject to the provisions of article L.211-20 of the French Monetary and Financial Code  
(Code monétaire et financier))

**THE UNDERSIGNED:**

[ ] having its registered office located at [ ] registered with the [ ] and represented by a duly authorised signatory for the purpose hereof,

Hereinafter referred to as the "**Pledgor**",

**HEREBY PLEDGES:**

Its securities account number [ ],

Hereinafter referred to as the "**Pledged Securities Account**",

**OPENED IN THE BOOKS OF:**

[ ] registered with the [ ] under number [ ] and having its registered office located at [ ],

Hereinafter referred to as the "**Account Holder**" or the "**Company**",

**ON WHICH ARE INITIALLY CREDITED THE FOLLOWING FINANCIAL SECURITIES:**

Quantity	Designation	Currency	Par value (each share)
	Ordinary shares of the Company, representing, on the date hereof, 100% of the share capital and voting rights of the Company.	Euro	

Hereinafter referred to as the "**Financial Securities**",

**AND HEREBY PLEDGES THE PLEDGED BANK ACCOUNT the details of which :**

Bank Account number \_\_\_\_\_,  
opened in the books of [ ],  
and IBAN,

shall be notified to the Administrative Agent pursuant to the terms of Article 2.3 of the Agreement.

Hereinafter referred to as the "**Pledged Bank Account**"

**TO THE BENEFIT OF:**

**PNC BANK, NATIONAL ASSOCIATION**, a national banking association, which registered office is located at 300 Fifth Avenue, Pittsburgh, PA 15222, USA and Tax ID (EIN) is 22-1146430, acting in its capacity as Guaranteed Creditor and Administrative Agent, and

**THE OTHER GUARANTEED CREDITORS**, together with their respective successors, transferees and assignees,

under the guaranty entitled "*Continuing Agreement of Guaranty and Suretyship*" dated \_\_\_\_\_ 2018, entered into by and between the Guarantors, including [\_\_\_\_\_] and PNC Bank, National Association, in its capacity as Administrative Agent, for the benefit of the Guaranteed Creditors, (as may be amended, supplemented and/or restated after the date hereof, the "**Guaranty**").

Hereinafter collectively referred to as the "**Beneficiaries**" and, as the context may require, individually

a "**Beneficiary**",

**AS SECURITY FOR THE PAYMENT OF THE FOLLOWING LIABILITIES:**

**Nature:**

The Guaranteed Obligations as such term is defined in the Guaranty and includes, subject to the limitations set out in Section 8.2.9(c) of the Credit Agreement (as such term is defined in the Guaranty) and those set out in Section 23 of the Guaranty (a) to the extent arising pursuant to or in connection with the Credit Agreement or any other Loan Documents, any and all loans, advances, debts, liabilities and obligations owing by the Pledgor, in its capacity as Guarantor under the Guarantee, to the Beneficiaries in any capacity whatsoever, of any kind or nature, present or future (whether in principal, interest, fees, costs, expenses, commissions, accessories or any other amounts due, whether or not evidenced by a note, guaranty or other instrument, whether or not for the payment of money), absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, whether contractual or tortious, liquidated or unliquidated, regardless of how such indebtedness or liabilities arise pursuant to any agreement or instrument, (b) any and all amounts due by the Pledgor, in its capacity as Guarantor under the Guarantee, to the Beneficiaries in any capacity whatsoever under any and all Foreign Currency Hedge and/or Interest Rate Hedge and (c) any amount due by the Pledgor, in its capacity as Guarantor under the Guarantee, to the Beneficiaries under any Other Lender Provided Financial Service Product, all as further defined in the Guaranty, for a maximum principal amount of USD 250,000,000, increased by any other sums owed thereunder and subject at all times to the limitations set out in Section 8.2.9 (c) of the Credit Agreement and those set out in Section 23 of the Guaranty. Notwithstanding anything to the contrary contained in the foregoing, the Secured Obligations shall not include any Excluded Hedge Liabilities, as defined in the Credit Agreement.

**Secured amounts:**

A maximum aggregate principal amount of:

**Two hundred fifty million US Dollars (US\$250,000,000)**, increased by any amount of any other sum due under the documents mentioned above, and at all times subject to the limitations set out in Section 8.2.9(c) of the Credit Agreement and Section 23 of the Guaranty,

together with all interests, late payment interests, discounts, fees, commissions, accessories and other expenses incurred by the Beneficiaries in connection with the protection, preservation or enforcement of their respective rights under the Agreement (as defined below),

Hereinafter referred to as the "**Secured Obligations**",

**UNDER THE FOLLOWING TERMS AND CONDITIONS:**

Pursuant to the provisions of article L.211-20 of the French Monetary and Financial Code (*Code monétaire et financier*), the Pledgor pledges to the benefit of the Beneficiaries the Pledged Securities Account as security for the payment and repayment of all Secured Obligations.

The bank account to be opened in the name of the Pledgor which shall comprise all Cash Amounts in accordance with the provisions of article L.211-20 of the French Monetary and Financial Code (*Code monétaire et financier*) is deemed to be an integral part of the Pledged Securities Account as of the date hereof (the "**Pledged Bank Account**").

The pledge over the Pledged Securities Account and over the Pledged Bank Account (the "**Pledge**") is granted by the Pledgor in accordance with the terms of a securities account pledge agreement dated \_\_\_\_\_ 2018 (the "**Agreement**") entered into between the Pledgor, the Beneficiaries and the Administrative Agent, being an integral part of this statement of pledge and setting out the terms and conditions under which the Pledged Securities Account and the Pledged Bank Account shall operate and the Pledge shall be enforced.

The Financial Securities, any other rights which may be substituted for, or added to, the Financial Securities in any way, in accordance with the terms of the Agreement, shall be subject to the Pledge.

The Pledgor shall not dispose of the Financial Securities, except in accordance with the terms of the Agreement.

The Pledgor and the Beneficiaries shall not be responsible for the Value retained for the enforcement of the Pledge. Expenses incurred in relation to the enforcement of the Pledge shall be borne by the Pledgor and charged on the proceeds arising upon such enforcement.

Capitalised terms used herein shall have the meaning ascribed to them herein and, if not defined herein, the meaning ascribed to them under the Agreement.

This statement of pledge is governed by, and shall be construed in accordance with, the laws of France. Any dispute relating to the validity, interpretation or enforcement of this statement of pledge shall be submitted to the jurisdiction of the Commercial Court of Paris (*Tribunal de commerce de Paris*).

Signed on \_\_\_\_\_ 2018

In one (1) original copy

**The Pledgor**

[ \_\_\_\_\_ ]  
By:



**SCHEDULE 3**  
**ATTESTATION DE NANTISSEMENT**

**A : PNC BANK, NATIONAL ASSOCIATION, représentant les Bénéficiaires ("Beneficiaries") (tels que définis aux termes de la Convention de Nantissement de Compte-Titres (telle que définie ci-dessous))**

Messieurs :

Ayant pris connaissance de la Convention de Nantissement de Compte-Titres et de la Déclaration de Nantissement (telles que définies ci-dessous),

- . en date du \_\_\_\_\_ 2018
- . signée par [ \_\_\_\_\_ ] en qualité de Constituant ("*Pledgor*"),

Nous, les soussignés, [ \_\_\_\_\_ ], une [ \_\_\_\_\_ ] de droit [ \_\_\_\_\_ ], immatriculée au Registre du Commerce et des Sociétés de [ \_\_\_\_\_ ] sous le numéro [ \_\_\_\_\_ ] et dont le siège social est situé [ \_\_\_\_\_ ] (la "**Société**") et agissant en qualité de Teneur de Compte ("*Account Holder*") :

- 1/ confirmons que les termes définis aux termes des présentes ont la signification qui leur est attribuée dans la convention de nantissement de compte-titres en langue anglaise intitulée "*Securities Account Pledge Agreement*" conclue le \_\_\_\_\_ entre [ \_\_\_\_\_ ], en qualité de Constituant ("*Pledgor*") et les Bénéficiaires ("*Beneficiaries*") (la "**Convention de Nantissement de Compte-Titres**") ;
- 2/ accusons réception de la déclaration de nantissement signée par [ \_\_\_\_\_ ] en date du \_\_\_\_\_ 2018 (la "**Déclaration de Nantissement**") (dont une copie est annexée aux présentes) ;
- 3/ confirmons que les titres financiers constitués par [ \_\_\_\_\_ ] actions ordinaires de la Société ("*Company*") représentant 100% du capital social de la Société ("*Company*") ont été inscrits sur le compte-titres nanti numéro \_\_\_\_\_ (le "**Compte-Titres Nanti**") ouvert au nom de Grupo FerroAtlántica SAU comme indiqué dans la Déclaration de Nantissement ; et
- 4/ acceptons les missions qui nous sont confiées en qualité de Teneur de Compte ("*Account Holder*") du Compte-Titres Nanti aux termes de la Convention de Nantissement de Compte- Titres et de la Déclaration de Nantissement et par les présentes, nous :
  - engageons à porter au crédit du Compte-Titres Nanti ("*Pledged Securities Account*") toutes actions ou titres financiers qui seraient substituées au ou qui complèteraient les Titres Financiers conformément aux stipulations des Clauses 2.2 (*Financial Securities*), 2.3 (*Income and Proceeds*) et 7 (*Enforcement*) de la Convention de Nantissement de Compte-Titres et à signer tous documents et prendre toutes actions raisonnablement nécessaires à cet effet ;
  - engageons à verser tous les Montants en Numéraire ("*Cash Amounts*") relatifs aux Titres Financiers ("*Financial Securities*") inscrits sur le Compte-Titres Nanti sur le Compte Bancaire Nanti ("*Pledged Bank Account*") conformément aux dispositions de l'article L.211-20 du Code monétaire et financier ;
  - acceptons de signer tous documents et prendre toutes actions raisonnablement nécessaires pour confirmer ces versements aux Bénéficiaires ("*Beneficiaries*") ; et

- prenons acte du fait que le Constituant ("*Pledgor*") n'est pas autorisé à vendre, céder ou disposer de quelque manière que ce soit de, tout ou partie des Titres Financiers ("*Financial Securities*") inscrits sur le Compte-Titres Nanti, hormis conformément aux stipulations de la Convention de Nantissement de Compte-Titres à laquelle il est fait référence dans la Déclaration de Nantissement.

La présente attestation de nantissement est soumise au droit français et sera interprétée conformément à celui-ci et tout litige relatif aux présentes, y compris, sans limitation aucune, tout litige relatif à son interprétation ou à sa réalisation, sera soumis à la compétence exclusive du Tribunal de commerce de Paris.

Fait le \_\_\_\_\_2018

En trois (3) originaux

[ \_\_\_\_\_ ]

En qualité de Teneur de Compte

Par :

**Copie de la Déclaration de Nantissement signée**

FORM OF CERTIFICATION OF PLEDGE

To: PNC BANK, NATIONAL ASSOCIATION, representing the Beneficiaries (as defined in the Securities Account Pledge Agreement (as defined below))

Dear Sirs:

Having knowledge of the Securities Account Pledge Agreement and the Statement of Pledge (as defined below),

. dated \_\_\_\_\_ 2018

. signed by [ \_\_\_\_\_ ], as Pledgor

We, the undersigned, [ \_\_\_\_\_ ], a [ \_\_\_\_\_ ], registered with the [ \_\_\_\_\_ ], under number [ \_\_\_\_\_ ] and having its registered office located at [ \_\_\_\_\_ ] (the "**Company**"), in our capacity as Account Holder:

- 1/ confirm that the terms defined in the securities account pledge agreement, in the English language, entered into between [ \_\_\_\_\_ ], as pledgor, and the Beneficiaries (as defined therein) dated \_\_\_\_\_ 2018 (the "**Securities Account Pledge Agreement**") shall have the same meaning when used herein;
- 2/ acknowledge receipt of an executed copy of the statement of pledge over financial securities account signed by [ \_\_\_\_\_ ] dated \_\_\_\_\_ 2018 (the "**Statement of Pledge**") (a copy of which is attached hereto);
- 3/ confirm that the financial securities consisting of [ \_\_\_ ] ordinary shares of the Company representing 100% of the share capital of the Company have been credited on the pledged securities account number \_\_\_\_\_ (the "**Pledged Securities Account**") opened in the name of [ \_\_\_\_\_ ] as provided in the Statement of Pledge; and
- 4/ accept the tasks granted to us in our capacity as Account Holder of the Pledged Securities Account in accordance with the terms set forth in the Securities Account Pledge Agreement and the Statement of Pledge and hereby:
  - undertake to credit to the Pledged Securities Account any shares or financial securities substituted or added to the Financial Securities in accordance with Clause 2.2 (*Financial Securities*), Clause 2.3 (*Income and Proceeds*) and Clause 7 (*Enforcement*) of the Securities Account Pledge Agreement and to sign all documents and take all actions reasonably necessary to this effect;
  - undertake to credit any Cash Amount relating to the Financial Securities registered in the Pledged Securities Account on the Pledged Bank Account, in accordance with the provisions of article L.211-20 of the French Monetary and Financial Code (*Code monétaire et financier*);
  - agree to sign all documents and take all action reasonably necessary to confirm the same in favour of the Beneficiaries; and

- acknowledge that the Pledgor is not allowed to sell, assign or otherwise dispose of any or all of the Financial Securities credited to the Pledged Securities Account, except in accordance with the terms of the Securities Account Pledge Agreement as referred to in the Statement of Pledge.

This certification of pledge is governed by, and shall be construed in accordance with, French law and all disputes arising out of, or in connection with, it including without limitation disputes relating to its interpretation or enforcement, shall be submitted to the exclusive jurisdiction of the Commercial Court of Paris (*Tribunal de commerce de Paris*).

Signed on \_\_\_\_\_ 2018

In three (3) originals

[ \_\_\_\_\_ ], as Account Holder

By:

**Copy of the executed Statement of Pledge**

**SCHEDULE 4**  
**ATTESTATION DE NANTISSEMENT DE COMPTE BANCAIRE**

**A :** **PNC BANK, NATIONAL ASSOCIATION, représentant les Bénéficiaires ("Beneficiaries") (tel que défini aux termes de la Convention de Nantissement de Compte-Titres (telle que définie ci-dessous))**

Copie à :  
En sa qualité de Teneur de Compte ("*Account Holder*")

Messieurs :

Ayant pris connaissance de la Déclaration de Nantissement (telle que définie aux termes de la Convention de Nantissement de Compte-Titres (telle que définie ci-dessous)),

- . **en date du \_\_\_\_\_ 2018**
- . **signée par [ \_\_\_\_\_ ] en qualité de Constituant ("*Pledgor*")**,

Nous, les soussignés, [•], [•], **immatriculée au RCS de [•] sous le numéro [•], ayant son siège social sis [•][•],** représentée par Monsieur [ [•] ] dûment habilité à l'effet des présentes, agissant en notre qualité de Teneur de Compte Bancaire ("*Bank Account Holder*") :

- 1/ confirmons que les termes définis aux termes de la convention de nantissement de compte-titres conclue entre [ \_\_\_\_\_ ] en qualité de Constituant et les Bénéficiaires (tels qu'ils y sont définis) en date du \_\_\_\_\_ 2018 (la "**Convention de Nantissement de Compte-Titres**") ont la signification qui leur y est attribuée quand ils sont utilisés aux termes des présentes ;
- 2/ confirmons que le compte bancaire numéro [•] ouvert en euros dans notre agence située au [•], au nom de [ \_\_\_\_\_ ] (le "**Compte Bancaire**") fait partie intégrante du compte-titres ouvert au nom de [ \_\_\_\_\_ ] dans les livres de [ \_\_\_\_\_ ] (le "**Compte- Titres Nanti**") qui a été nanti au bénéfice des Bénéficiaires et que le Compte Bancaire est nanti en application des dispositions de l'article L. 211-20 du Code monétaire et financier ;
- 3/ nous nous engageons à ne pas autoriser d'opération au débit du Compte Bancaire, sur réception d'une demande de blocage émanant des Bénéficiaires représentés le cas échéant par l'*Administrative Agent*, aux termes de laquelle les Bénéficiaires ("*Beneficiaries*"), demandent le blocage de toutes les sommes en euro figurant au crédit du Compte Bancaire ;
- 4/ n'exprimons aucune opinion, notamment sur la validité, l'opposabilité du nantissement conféré, des stipulations de la Convention de Nantissement de Compte-Titres, ni sur la capacité de ses signataires. Nous n'assumons aucune responsabilité eu égard au nantissement sur le Compte- Titres Nanti enregistré dans les livres de [ \_\_\_\_\_ ] et toute instruction y relative donnée à [ \_\_\_\_\_ ]. Nous n'opérerons aucune vérification sur la disponibilité, la date ou le montant des sommes créditées par [ \_\_\_\_\_ ] sur le Compte Bancaire ;
- 5/ ne serons pas dans l'obligation de vérifier, entre autres, si les conditions de réalisation du nantissement sur le Compte Bancaire sont remplies. Plus généralement, nous serons en droit de nous fonder sur les instructions reçues des Bénéficiaires ("*Beneficiaries*"), représentés le cas échéant par l'*Administrative Agent*, au titre du Nantissement, aussi longtemps qu'elles semblent raisonnablement respecter les lois et règlements français applicables ; et

- 6/ à l'exception de ce qui est prévu aux termes des présentes, toutes notifications et demandes entre nous et les Bénéficiaires ("*Beneficiaries*"), représentés le cas échéant par l'*Administrative Agent*, devront être faites par écrit.
- 7/ Toute notification à effectuer aux Bénéficiaires ("*Beneficiaries*") ou à l'*Administrative Agent* devra être adressée à :

**PNC Bank, National Association**

Fourth Floor

500 First Avenue, MS P7-PFSC-04-I Pittsburgh, PA 15219

To the attention of : Agency Services Loan Administration Fax: +1 412-705-2400

Celles à effectuer au Teneur de compte :

\_\_\_\_\_ :

Adresse :

[•]

[•]

A l'attention du [•]

Tél. : [•]

Fax : [•]

Swift : [•]

La présente attestation de nantissement de compte bancaire est soumise au droit français et sera interprétée conformément à celui-ci et tout litige relatif aux présentes, y compris, sans limitation aucune, tout litige relatif à son interprétation ou à sa réalisation, sera soumis à la compétence exclusive du Tribunal de commerce de Paris.

Signé à [•] le [•], en [•] ([•]) exemplaires originaux,

[•]

En qualité de Teneur de Compte Bancaire

Par :



FORM OF BANK ACCOUNT CERTIFICATE OF PLEDGE

To: PNC BANK, NATIONAL ASSOCIATION, representing the Beneficiaries (as defined in the Securities Account Pledge Agreement (as defined below))

Copy to: \_\_\_\_\_, in its capacity as Account Holder

Dear Sirs,

Having knowledge of the Statement of Pledge (as defined in the Securities Account Pledge Agreement) (as defined below),

- . dated \_\_\_\_\_ 2018
- . signed by [\_\_\_\_\_], as Pledgor

We, the undersigned, [•], a [•], registered under number [•] with the Registry of Commerce and Companies (*Registre du commerce et des sociétés*) of [•], having its registered office located at [•], represented by [•] a duly authorised signatory for the purpose hereof, in our capacity as Bank Account Holder:

- 1/ confirm that the terms defined in the securities account pledge agreement entered into between [\_\_\_\_\_] as Pledgor, and the Beneficiaries (as defined therein) dated \_\_\_\_\_ 2018 (the "**Securities Account Pledge Agreement**") shall have the same meaning when used herein;
- 2/ confirm that the bank account number [•] opened in euros with our agency located at [•], in the name of [\_\_\_\_\_] (the "**Bank Account**") forms an integral part of the securities account opened in the name of [\_\_\_\_\_] in the books of [\_\_\_\_\_] (the "**Pledged Securities Account**") which has been pledged in favour of the Beneficiaries and that furthermore the Bank Account is pledged pursuant to the provisions of article L. 211-20 of the French Monetary and Financial Code (*Code monétaire et financier*);
- 3/ undertake not to allow any debit transaction from the Bank Account, upon receipt of a notice to block the Bank Account from the Beneficiaries, represented as the case may be by the Administrative Agent, by which the latter requests that the sums then credited in euros on the Bank Account be blocked;
- 4/ express no opinion, amongst other things on the validity, the enforceability of the given pledge, the provisions of the Securities Account Pledge Agreement, nor on the capacity of its signatories. We assume no responsibility concerning the pledge on the Pledged Securities Account registered in the books of [\_\_\_\_\_] and any related instructions given to [\_\_\_\_\_]. We operate no verification with respect to the availability, the date or the amount of any sums credited by [\_\_\_\_\_] on the Bank Account;
- 5/ shall not be under the obligation to verify, *inter alia*, whether the conditions of enforcement of the Pledge are fulfilled. More generally, we shall be entitled to rely on the instructions received in connection with the Pledge from the Beneficiaries, represented as the case may be by the Administrative Agent, as long as they reasonably seem to comply with relevant French laws and regulations; and

6/ except as otherwise specified herein, all notices and requests between us and the Beneficiaries, represented as the case may be by the Administrative Agent, shall be made in writing.

7/ Any notice to the Beneficiaries or the Administrative Agent shall be addressed to:

**PNC Bank, National Association**

Fourth Floor  
500 First Avenue, MS P7-PFSC-04-I Pittsburgh, PA 15219  
To the attention of: Agency Services Loan Administration Fax: +1 412-705-2400

And those to the Account Holder:

Address:  
[•]  
[•]  
To the attention of the [•]  
Tel : [•]  
Fax : [•]  
Swift : [•]

This bank account certificate of pledge is governed by, and shall be construed in accordance with, French law and all disputes arising out of, or in connection with it, including without limitation disputes relating to its interpretation or enforcement shall be submitted to the exclusive jurisdiction of the Commercial Court of Paris (*Tribunal de commerce de Paris*).

Signed in [•] on [•]

In [•] ([•]) original copies

[•] as Bank Account Holder

By:

EXHIBIT 1.1(S)(1)

**[FORM OF]  
US SECURITY AGREEMENT**

This US SECURITY AGREEMENT (this "Security Agreement") is made and entered into as of this [ ] day of February, 2018, by and among EACH OF THE DEBTORS LISTED ON THE SIGNATURE PAGES HERETO and each of the other persons and entities that become bound hereby from time to time by joinder, assumption or otherwise (each a "Debtor" and collectively, the "Debtors") and PNC BANK, NATIONAL ASSOCIATION, a national banking association, in its capacity as Administrative Agent under and pursuant to the Credit Agreement, hereinafter defined (the "Secured Party").

Recitals:

A. Ferroglobe PLC, a public limited company organized under the laws of England and Wales (the "Borrower"), the Guarantors party thereto as the "Guarantors", including, without limitation, certain Debtors, the Lenders party thereto as the "Lenders", PNC Bank, National Association, as the "Administrative Agent", and PNC Bank, National Association, as the "Swing Lender" and the "Issuing Lender", are the parties to that certain Credit Agreement of even date herewith (as amended, restated, supplemented, replaced and otherwise modified from time to time, the "Credit Agreement").

B. It is a condition precedent to the effectiveness of the Credit Agreement that the Debtors execute and deliver this Security Agreement.

Agreements:

NOW THEREFORE, in consideration of the foregoing Recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Debtor and the Secured Party hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used in this Security Agreement shall have the meanings ascribed to such terms in the Credit Agreement.

2. Grant of Security Interest; Certain Definitions.

(a) Each Debtor hereby grants to the Secured Party a continuing security interest in and to, and a pledge of, all of the Collateral and all of such Debtor's right, title and interest therein, whether now owned or existing or hereafter acquired or arising and wherever located, together with all products and Proceeds therefrom to secure the Secured Obligations (defined below).

(b) As used in this Security Agreement, the following terms shall have the following meanings:

(i) "Account Debtor" means an "account debtor" (as defined in the UCC), including a person obligated on an Account, chattel paper or a General Intangible.



- (ii) “Accounts” means all accounts (as defined in the UCC), including any and all right, title and interest to payment for goods and services sold or leased, including any such right evidenced by chattel paper (as defined in the UCC), whether due or to become due, whether or not it has been earned by performance, and whether now or hereafter acquired or arising in the future, including accounts owing by Affiliates and including all right, title and interest in any returned goods, together with all rights, titles, securities and guarantees with respect thereto, including any rights to stoppage in transit, replevin, reclamation and resales, and all related security interests, liens and pledges, whether voluntary or involuntary, in each case whether now existing or owned or hereafter arising or acquired.
- (iii) “CFC” means (a) any Person that is a “controlled foreign corporation” (within the meaning of Section 957), but only if a “United States person” (within the meaning of Section 7701(a)(30)) that is an Affiliate of a Loan Party is, with respect to such Person, a “United States shareholder” (within the meaning of Section 951(b)) described in Section 951(a)(1); and (b) each Subsidiary of any Person described in clause (a).
- (iv) “CFC Holdco” means any US Subsidiary or non-US disregarded entity, in each case substantially all of the assets of which consist, directly or indirectly, of equity or debt of (a) a CFC or (b) a Person described in this definition.
- (v) “Collateral” means any and all of the following in which a Debtor has rights or the power to transfer rights to a secured party: (A) Accounts; (B) Inventory; (C) Equipment; (D) Documents; (E) General Intangibles; (F) each of the following, as defined in the UCC, goods, investment property, instruments, chattel paper, fixtures, commercial tort claims, letter of credit rights, payment intangibles, promissory notes, supporting obligations; (G) cash, cash accounts and other Deposit Accounts, together with all monies, securities and instruments at any time deposited in any such account or otherwise held for the credit thereof; (H) Securities Accounts, together with all financial assets (as defined in the UCC) credited therein from time to time, and all financial assets (as defined in the UCC), monies, securities, cash and other property held therein or credited thereto; (I) commodity accounts (as defined in the UCC) and commodity contracts (as defined in the UCC); (J) Proprietary Collateral; (K) other items, kinds and types of personal property, tangible or intangible, of whatever nature, and regardless of whether the creation or perfection or effect of perfection or non-perfection of a security interest therein is governed by the UCC of any particular jurisdiction or by any other applicable treaty, convention, statute, law or regulation of any applicable jurisdiction; (L) additions, modifications, alterations, improvements, upgrades, accessions, components, parts, appurtenances, substitutions and/or replacements of, to or for any of the foregoing; and (M) Proceeds and products (as defined in the UCC) of any and all of the foregoing. Notwithstanding the foregoing, “Collateral” shall not include any Excluded Property.
- (vi) “Debtor” means the parties defined as such in the preamble of this Security Agreement and any and all additional Guarantors joining this Security Agreement pursuant to the Credit Agreement.

- (vii) “Deposit Account” means a deposit account (as defined in the UCC).
- (viii) “Documents” means all “documents” (as defined in the UCC).
- (ix) “Equipment” means all equipment (as defined in the UCC), including furniture and furnishings, computers, terminals, printers, copiers, telephonic and video devices, electronic data processing and data storage devices, dies, tolling, and all tangible personal property similar to any of the foregoing, including tools, parts and supplies of every kind and description, and all improvements, attachments, accessions or appurtenances thereto.
- (x) “Excluded Property” means any and all of the following property of any Debtor: (A) those assets over which the granting of security interests in such assets would be prohibited by applicable Law; (B) any lease, capital lease, license, permit, contract, instrument (as defined in the UCC), security (as defined in the UCC) or agreement to which any Debtor is a party or any of its rights or interests thereunder if and for so long as the grant of such security interest shall constitute or result in (i) the abandonment, invalidation or unenforceability of any right, title or interest of any Debtor therein or (ii) a breach or termination or right of termination on behalf of any other party pursuant to the terms of, or a default under, any such lease, capital lease, license, permit, contract, instrument, security or agreement; (C) any interests in real property (other than fixtures); (D) motor vehicles and other assets subject to certificates of title; (E) “Margin Stock” as defined by Regulation U of the Board of Governors of the Federal Reserve System of the United States; (F) Equity Interests in a Joint Venture to the extent that the grant of a security interest in such Equity Interests is prohibited by the organizational documents of such Joint Venture; (G) any Equity Interest in a Non-US Subsidiary that is not a first-tier Material Subsidiary; (H) more than 65% of the Equity Interests of (i) a CFC or (ii) a CFC Holdco; (I) any applications for trademarks or service marks filed in the United States Patent and Trademark Office pursuant to 15 U.S.C. § 1051 Section 1(b) unless and until evidence of use of the mark in interstate commerce is submitted to and accepted by the United States Patent and Trademark Office pursuant to 15 U.S.C. § 1061 Section 1(c) or Section 1(d); (J) Equipment subject to Purchase Money Security Interests to the extent permitted under the Credit Agreement and if and for so long as the grant of such security interest shall constitute or result in (i) the abandonment, invalidation or unenforceability of any right, title or interest of any Debtor therein or (ii) a breach or termination or right of termination on behalf of any other party pursuant to the terms of, or a default under, the purchase agreement in respect of such Equipment; (K) those assets as to which the Secured Party shall have reasonably determined that the cost of obtaining a valid security interest therein is disproportionate in relation to the benefit obtained by the Secured Creditors of the security to be afforded thereby; and (L) those assets as to which, due to a Change in Law, a grant of such security interest therein results in a significant risk to the officers of the relevant Debtor of contravention of their fiduciary duties and/or of civil or criminal liability; *provided, however*, that (i) any such limitation described in clauses (A), (B), (F) and (J) above on the security interests granted hereunder shall only apply to the extent that any such limitation

could not be rendered ineffective pursuant to the UCC (including, without limitation, Sections 9-406, 9-407, 9-408 or 9-409 thereof (or any successor provision or provisions)) or any other applicable Law or principles of equity, (ii) any Proceeds, substitutions or replacements of any of the foregoing property shall not be deemed to be Excluded Collateral unless such Proceeds, substitutions or replacements would constitute such property referred to in clauses (A) through (L) above and (iii) upon the waiver, termination or elimination of any limitation or prohibition (howsoever arising) which has previously caused any property to be Excluded Property, the Collateral shall be deemed to include any such formerly excluded property.

- (xi) “General Intangibles” means all general intangibles (as defined in the UCC), including payment intangibles, choses in action and causes of action and all other assignable intangible personal property of every kind and nature (other than Accounts) now owned or hereafter acquired, including corporate or other business records, indemnification claims, contract rights (including rights under leases, whether entered into as lessor or lessee, interest rate protection agreements and other agreements), permits, licenses, patents, trademarks, copyrights and other Intellectual Property and infringement claims thereunder, goodwill, registrations, franchises, tax refund claims and any letter of credit, guarantee, claim, security interest or other security held by or granted to a Debtor to secure payment by an Account Debtor.
- (xii) “Intellectual Property” means all U.S. and foreign patents, trademarks, copyrights, trade names, assumed names, service marks, patent applications, trademark applications, trade name applications, service mark applications, copyright applications, design rights and trade secrets and the inventions and improvements described and claimed in the patents and patent applications, and (a) the reissues, divisions, continuations, renewals, extensions and continuations in part thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world.
- (xiii) “Inventory” means all inventory (as defined in the UCC), including goods, whether now owned or hereafter acquired, held for sale or lease, or furnished or to be furnished under contracts of service, or consumed in business, including raw materials, intermediates, work in process, packaging materials, finished goods, semi-finished inventory, scrap inventory, manufacturing supplies and spare parts, and all such goods that have been returned to or repossessed.
- (xiv) “Material Collateral” means the Material Equity Interests and the Material Debt.
- (xv) “Material Debt” means the promissory notes payable to one or more Debtors as described on Schedule 6(m) (collectively, the “Material Notes”) and all other Indebtedness from time to time owed to one or more Debtors; provided that

Indebtedness owing to a Debtor by a Person that is not a Subsidiary of the Borrower and which has a stated principal amount of less than \$1,000,000 shall not constitute Material Debt hereunder.

- (xvi) “Material Equity Interests” means the Equity Interests issued by Material Subsidiaries of a Debtor, including all securities convertible into, and rights, warrants, options and other rights to purchase or otherwise acquire any of the foregoing; provided that Equity Interests described in clauses (F), (G) and (H) of the definition of Excluded Property shall not constitute Material Equity Interests hereunder.
- (xvii) “Patent, Trademark and Copyright Security Agreement” shall mean an agreement substantially in the form of Exhibit 1.1(IP) to the Credit Agreement.
- (xviii) “Proceeds” means all “proceeds” (as defined in the UCC) of any and all of the Collateral, including, without limitation, all proceeds in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental body, authority, bureau or agency (or any Person acting under color of governmental authority) and, to the extent not otherwise included, all payments under insurance (whether or not the Secured Party is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the Collateral.
- (xix) “Proprietary Collateral” means the Intellectual Property listed on Schedule 6(n), together with all other right, title and interest of a Debtor in Intellectual Property, whether now owned or existing and filed or hereafter acquired or arising and filed; provided that the Proprietary Collateral shall not include any Excluded Property.
- (xx) “Secured Creditors” means the parties defined as such in Section 3(b) of this Security Agreement.
- (xxi) “Securities Account” means a securities account (as defined in the UCC).
- (xxii) “UCC” means the Uniform Commercial Code in effect from time to time in (A) as to references relating to perfection, the state under the laws of which a Debtor is formed or organized or any state in which any Collateral is located or deemed to be located and (B) as to other references, the State of New York.

3. Obligations Secured.

(a) The security interests herein granted shall secure any and all of the Obligations (sometimes herein, collectively, the “Secured Obligations”), including, without limitation, any Loan Party’s indebtedness and other obligations in respect of the following:

- (i) all principal of and interest on Loans or advances or other extensions of credit to or for the benefit of the Borrower, which such Loans or advances may be

evidenced by promissory notes (the “Notes”, such term to include all notes and other instruments or securities issued in exchange therefor or in replacement thereof);

- (ii) all Letter of Credit Obligations;
- (iii) all obligations arising in connection with Other Lender Provided Financial Service Products;
- (iv) all Foreign Currency Hedge Liabilities and all Interest Rate Hedge Liabilities;
- (v) all commitment fees and other amounts from time to time owing to the Secured Creditors under or in connection with the Credit Agreement, this Security Agreement, or any other Loan Document;
- (vi) all costs and expenses (including, but not limited to, reasonable attorneys’ fees) incurred by the Secured Creditors in the collection of any or all amounts due and payable under the Credit Agreement and in the enforcement of their rights under the Credit Agreement, the Notes, any Guaranty Agreement, this Security Agreement or any other Loan Document, in all cases, to the extent and as provided for in the Credit Agreement and such other Loan Documents;
- (vii) to the extent not otherwise addressed above, all other Obligations; and
- (viii) all extensions, renewals or refinancings thereof, in whole or in part, whether such Obligations, liabilities, or Indebtedness are direct or indirect, secured or unsecured, joint or several, absolute or contingent, due or to become due, whether for payment or performance, now existing or hereafter arising and including Obligations, liabilities, and Indebtedness arising or accruing after the commencement of an Insolvency Proceeding with respect to the Borrower, any other Loan Party or any Subsidiary or which would have arisen or accrued but for the commencement of such Insolvency Proceeding, even if the claim for such Obligation, liability, or Indebtedness is not enforceable or allowable in such Insolvency Proceeding, and including all Obligations, liabilities, and Indebtedness arising from any extensions of credit under or in connection with the Loan Documents from time to time, regardless of whether any such extensions of credit are in excess of the amount committed under or contemplated by the Loan Documents or are made in circumstances in which any condition to extension of credit is not satisfied; *provided, however*, that notwithstanding anything to the contrary in the foregoing or otherwise in this Security Agreement, the Secured Obligations shall not include Excluded Hedge Liabilities.

(b) This Security Agreement is made for the benefit of the Administrative Agent, the Issuing Lender, the Swing Lender, the Lenders, any Lenders or their Affiliates from time to time providing Lender Provided Foreign Currency Hedges, Lender Provided Interest Rate Hedges or Other Lender Provided Financial Service Products (collectively, and including the successors and assigns of each, the “Secured Creditors”) to secure the Secured Obligations. Without limitation of



this Section 3, any of the Secured Obligations shall be and remain obligations entitled to the benefit of this Security Agreement even if any one or more of the Secured Creditors (or any one or more assignees or transferees thereof) from time to time assigns or otherwise transfers all or any portion of their respective rights and Obligations under the Loan Documents, or any other Secured Obligations, to any other Person.

4. Grant of License. Each Debtor hereby grants to the Secured Party (and its agents, representatives or assigns), a fully-paid, royalty-free, worldwide right and license to, upon the occurrence and during the continuance of an Event of Default, (a) use, or sell or otherwise transfer, any and all of such Debtor's Collateral which may bear or utilize any of such Debtor's Intellectual Property; (b) use or sell any such work-in-process, raw materials or completed or finished products; and (c) accept any and all orders or shipments of products ordered by such Debtor from manufacturers and use or sell any such products bearing or utilizing any of such Debtor's Intellectual Property.

5. Perfection; Further Actions.

(a) The Secured Party is hereby authorized to file (to the extent permitted by applicable law, without the signature of the applicable Debtor), and each Debtor shall execute, deliver and cause to be filed, such financing statements as the Secured Party deems necessary or appropriate under applicable law, and otherwise take such other action and execute and deliver such other assignments, instruments, certificates, affidavits, reports, notices, schedules of accounts, letters of authority, further pledges, powers of attorney and all other documents, including, without limitation, control agreements in respect of Deposit Accounts (subject to the provisions of Section 5(d) below), Securities Accounts (subject to the provisions of Section 5(e) below) and commodity accounts (subject to the provisions of Section 5(f) below), and the Patent, Trademark and Copyright Security Agreement in respect to the Proprietary Collateral, in each case as the Secured Party may reasonably request, in form and substance reasonably satisfactory to the Secured Party, to evidence, perfect, or record the Secured Party's security interest in the Collateral or to enable the Secured Party to exercise and enforce its rights and remedies with respect to any Collateral; provided that so long as no Event of Default has occurred and is continuing, no Debtor shall be required to perfect the Secured Party's security interest in those assets as to which the Secured Party shall reasonably determine that the cost of perfecting such a security interest is disproportionate in relation to the benefit obtained by the Secured Creditors of the security to be afforded thereby. Each Debtor hereby authorizes the Secured Party to execute and file any such financing statement or continuation statement on such Debtor's behalf. The parties acknowledge that a carbon, photographic, or other reproduction of this Security Agreement shall be sufficient as a financing statement to the extent permitted by law.

(b) Each Debtor will, at its own expense, make, execute, endorse, acknowledge, file and/or deliver to the Secured Party from time to time, promptly following the reasonable written request of the Secured Party, such lists, descriptions and designations of its Collateral, warehouse receipts, receipts in the nature of warehouse receipts, bill of lading, documents of title, vouchers, invoices, schedules, confirmatory assignments, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments and take such further steps relating to the Collateral and other property or rights covered by the security

interest hereby granted, which Secured Party reasonably deems appropriate or advisable to perfect, preserve or protect its security interest in the Collateral.

(c) For each Deposit Account that any Debtor at any time opens or maintains with an average daily balance in excess of \$500,000 (provided that the aggregate average daily balance of all such accounts excluded by this clause shall not exceed \$2,000,000), such Debtor shall, within 90 days of (i) the opening of such Deposit Account or (ii) with respect to any such Deposit Account existing on the Closing Date, the Closing Date, take such steps as the Secured Party may reasonably require for the Secured Party to have control (as defined in the UCC) of such Deposit Account, including either to (x) cause the depository bank to agree in writing to comply with instructions from the Secured Party to such depository bank directing the disposition of funds from time to time credited to such Deposit Account, without further consent of such Debtor or any other Person, pursuant to an agreement reasonably satisfactory in form and substance to the Secured Party or (y) arrange for the Secured Party to become the customer of the depository bank with respect to the Deposit Account, with such Debtor being permitted, only with the consent of the Secured Party, to exercise rights to withdraw funds from such Deposit Account. The Secured Party agrees with such Debtor that the Secured Party shall not give any such instructions or withhold any withdrawal rights from such Debtor unless an Event of Default has occurred and is continuing, or, after giving effect to any withdrawal, would occur.

(d) For each Securities Account that any Debtor at any time opens or maintains, such Debtor shall, within 90 days of (i) the opening of such Securities Account or (ii) with respect to any such Securities Account existing on the Closing Date, the Closing Date, take such steps as the Secured Party may reasonably require for the Secured Party to have control (as defined in the UCC) of such Securities Account, including either (x) cause the securities intermediary to agree in writing to comply with instructions from the Secured Party to such securities intermediary directing the disposition of financial assets from time to time credited to such Securities Account, without further consent of such Debtor or any other Person, pursuant to an agreement reasonably satisfactory in form and substance to the Secured Party or (y) arrange for the Secured Party to become the customer of the securities intermediary with respect to the Securities Account, with such Debtor being permitted, only with the consent of the Secured Party, to issue instructions in respect of such Securities Account. The Secured Party agrees with such Debtor that the Secured Party shall not give any such instructions or withhold any withdrawal rights from such Debtor unless an Event of Default has occurred and is continuing, or, after giving effect to any withdrawal, would occur.

(e) For each commodities account (as defined in the UCC) that any Debtor at any time opens or maintains, such Debtor shall, within 90 days of (i) the opening of such commodities account or (ii) with respect to any such commodities account existing on the Closing Date, take such steps as the Secured Party may reasonably require for the Secured Party to have control (as defined in the UCC) of such commodities account, including either (x) cause the commodities intermediary to agree in writing to comply with instructions from the Secured Party to such commodities intermediary directing the disposition of commodities contracts from time to time credited to such commodities account, without further consent of such Debtor or any other Person, pursuant to an agreement reasonably satisfactory in form and substance to the Secured Party or

(y) arrange for the Secured Party to become the customer of the commodities intermediary with respect to the commodities account, with such Debtor being permitted, only with the consent of the Secured Party, to issue instructions in respect of such commodities account. The Secured Party agrees with such Debtor that the Secured Party shall not give any such instructions or withhold any withdrawal rights from such Debtor unless an Event of Default has occurred and is continuing, or, after giving effect to any withdrawal, would occur.

(f) If at any time, any Debtor shall sell oil, gas or other minerals at a wellhead or minehead, such Debtor shall promptly notify the Secured Party in writing thereof and, at the request of the Secured Party, shall amend this Security Agreement as to such Debtor to encumber such Debtor's as-extracted collateral (as defined in the UCC) by the Lien of this Security Agreement.

(g) Each Debtor shall promptly deliver to and deposit with the Secured Party in pledge all of such Debtor's Material Notes, certificates, instruments or other documents comprising or evidencing the Material Collateral, together with undated stock powers, issuer acknowledgments, allonges, instruments or other documents signed in blank by such Debtor. In the event that such Debtor should ever acquire or receive Material Notes, allonges, certificates, securities, instruments or other documents evidencing the Material Collateral, such Debtor shall deliver to and deposit with the Secured Party in pledge, all such Material Notes, allonges, certificates, securities, instruments or other documents which evidence the Material Collateral. Notwithstanding the foregoing, no Debtor shall be required to deliver to and deposit with the Secured Party in pledge any Material Note which has a stated principal amount of less than \$1,000,000.

(h) To the extent, following the date hereof, any Debtor acquires Equity Interests of a direct Subsidiary (other than any Equity Interests constituting Excluded Property), all such Equity Interests shall be deemed Collateral and subject to the terms hereof and upon such acquisition shall be deemed to be hereby pledged to the Secured Party and encumbered by the Lien of this Security Agreement; and, to the extent such Equity Interests constitute Material Equity Interests, such Debtor, on a quarterly basis concurrently with the delivery of the financial statements for such quarter pursuant to Section 8.3.1 of the Credit Agreement, shall deliver all such Material Equity Interests together with an updated Schedule 6(g) hereto to the Secured Party together with all such documents reasonably requested by the Secured Party (it being understood that no such updated Schedule 6(g) shall be provided if no such Material Equity Interests were acquired in such quarter).

(i) To the extent, following the date hereof, any Person owes Indebtedness to a Debtor, and such owed Indebtedness constitutes Collateral, all such owed Indebtedness shall be subject to the terms hereof and upon such acquisition shall be deemed to be hereby pledged to the Secured Party and encumbered by the Lien of this Security Agreement; and, to the extent such Indebtedness constitutes Material Note(s), such Debtor, on a quarterly basis concurrently with the delivery of the financial statements for such quarter pursuant to Section 8.3.1 of the Credit Agreement, shall deliver all such Material Note(s) together with an updated Schedule 6(m) hereto to the Secured Party together with all such documents reasonably requested by the Secured Party

(it being understood that no such updated Schedule 6(m) be provided if no such Material Note(s) became owed to a Debtor in such quarter).

(j) To the extent, following the date hereof, any Debtor acquires any Intellectual Property constituting Proprietary Collateral, such Intellectual Property shall be deemed Proprietary Collateral and subject to the terms hereof and upon such acquisition shall be deemed to be hereby pledged to the Secured Party and encumbered by the Lien of this Security Agreement; and, in confirmation thereof, such Debtor, on a quarterly basis concurrently with the delivery of the financial statements for such quarter pursuant to Section 8.3.1 of the Credit Agreement, shall deliver an updated Schedule 6(n) hereto to the Secured Party together with all such documents reasonably requested by the Secured Party, including, without limitation, an executed Patent, Trademark and Copyright Security Agreement in form reasonably acceptable to the Secured Party.

(k) Each Debtor shall have the duty (i) to prosecute diligently any patent application, trademark application and service mark application relating to any Proprietary Collateral that is pending as of the date hereof and hereafter until the termination of this Security Agreement, (ii) to make application on unpatented but patentable inventions, as such Debtor deems appropriate; and (iii) to take reasonable steps to preserve and maintain all of such Debtor's rights in any material Proprietary Collateral, including, without limitation, as appropriate, the use in interstate commerce, the timely payment of fees and the making of filings. No Debtor shall abandon, or divest itself of, any Proprietary Collateral material to the operation or value of the business of the Debtor without the prior written consent of the Secured Party.

6. Representations and Agreement as to Collateral. Each Debtor represents that:

(a) Schedule 6(a) hereto sets forth, for each such Debtor, (i) the location of its principal place of business, (ii) the location of its chief executive office, (iii) any location where its books and records are maintained, (iv) any other location where any Collateral is located (excluding those locations set forth on Schedule 6(b) and the locations of any inventory which, in the ordinary course of business, is in transit), (v) its type of organization, (vi) its jurisdiction of formation, (vii) its state organizational identification number (if any), and (viii) its U.S. federal tax identification number (if any). Except as set forth on Schedule 6(a), the originals of all documents evidencing all Collateral and contract rights of such Debtor and the only original books of account and records of such Debtor relating thereto are, and will continue to be, kept at such chief executive office, or at such new locations as such Debtor may establish in accordance with Section 8, below. All Collateral and contract rights of such Debtor are, and will continue to be, maintained at, and controlled and directed (including, without limitation, for general accounting purposes) from, the office locations described above, or such new locations as such Debtor may establish in accordance with Section 8, below.

(b) Except as disclosed on Schedule 6(b), none of the Collateral is in the possession of any bailee, warehouseman, processor or consignee. No Debtor shall establish any new location for Collateral (other than an immaterial portion thereof) until (i) it shall have given to the Secured Party not less than 10 days' prior written notice of its intention so to do, clearly describing such new location and providing such other information in connection therewith as the Secured Party

may reasonably request, and (ii) with respect to such new location, it shall have taken all action, satisfactory to the Secured Party, to maintain the security interest of the Secured Party in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect. As of the date hereof, no Debtor has any Collateral located at any location other than as listed on Schedule 6(a) and 6(b) applicable to it.

(c) Except as disclosed on Schedule 6(c), no Debtor has used or conducted business under any other trade name, assumed name, fictitious name and other name at any time during the five (5) years prior to the date hereof.

(d) Except as disclosed on Schedule 6(d), no Debtor has merged with, or acquired substantially all of the assets of, any other entity at any time during the five (5) years prior to the date hereof.

(e) Schedule 6(e) hereto sets forth a true and complete list of (i) all Deposit Accounts owned by each Debtor or in which any such Debtor's Collateral consisting of deposits therein is held as of the Closing Date, (ii) all Securities Accounts owned by each Debtor or in which any such Debtor's Collateral consisting of financial assets therein is held as of the Closing Date and (iii) all commodities accounts owned by each Debtor or in which any such Debtor's Collateral consisting of financial assets therein is held as of the Closing Date.

(f) Except as disclosed on Schedule 6(f), no Debtor is the holder of a commercial tort claim (as defined in the UCC) in excess of \$1,000,000. If any Debtor shall at any time hold or acquire a commercial tort claim that has a reasonable probability of yielding net proceeds in excess of \$1,000,000, such Debtor shall promptly notify the Secured Party thereof in a writing signed by such Debtor, which sets forth the details thereof and grants to the Secured Party (for the benefit of the Secured Creditors) a Lien thereon and on the Proceeds thereof, all upon the terms of this Security Agreement, with such writing to be in form and substance reasonably satisfactory to the Secured Party.

(g) Set forth on Schedule 6(g) are true and complete lists of all Equity Interests owned by each Debtor, including without limitation, (i) the name of each of each Debtor's direct Subsidiaries issuing Equity Interests, its jurisdiction of organization and the amount, percentage and type of Equity Interests in such Subsidiary, (ii) any options, warrants or other rights outstanding to purchase any such Equity Interests referred to in clause (i) and (iii) a statement of whether such Equity Interests are Material Equity Interests. Each Debtor has good and marketable title to all of the Material Equity Interests it purports to own, free and clear in each case of any Lien and all such Material Equity Interests have been validly issued, fully paid and nonassessable. There are no preemptive or other outstanding rights, options, warrants, conversion rights or similar agreements or understandings for the purchase or acquisition from any Debtor relating to any Material Equity Interests of any such Debtor.

(h) No Debtor sells oil, gas or other minerals at a wellhead or minehead, unless such Debtor has complied with Section 5(g) above.

(i) The Material Collateral does not include Margin Stock and no Loan under the Credit Agreement shall be used for the purpose of purchasing or carrying Margin Stock. “Margin Stock” as used in this clause (i) shall have the meaning ascribed to such term by Regulation U of the Board of Governors of the Federal Reserve System of the United States;

(j) There are no restrictions upon the transfer of the Material Collateral and each Debtor has the power and authority and unencumbered right to transfer the Material Collateral owned by such Debtor without the necessity of obtaining the consent of any other Person.

(k) There are no actions, suits, or proceedings pending or, to each Debtor’s knowledge, threatened against or affecting the Material Collateral, at law or in equity or before or by any Official Body, which could adversely affect such Debtor’s performance of the terms of this Security Agreement.

(l) All rights of each Debtor in connection with its ownership of the Material Equity Interests listed on Schedule 6(g) are evidenced and governed solely by the stock certificates, instruments or other documents evidencing ownership and organizational documents of such Subsidiary and no shareholder, voting, or other similar agreements are applicable to any of the Material Equity Interests or any of such Debtor’s rights with respect thereto, and no such certificate, instrument or other document provides that any member interest, or partnership interest or other intangible ownership interest, constituting Material Equity Interests, is a “Security” within the meaning of and subject to Article 8 of the UCC; and, the organizational documents of each such Subsidiary contain no restrictions on the rights of shareholders, members or partners other than those that normally would apply to a company organized under the laws of the jurisdiction of organization of each such Subsidiary.

(m) Set forth on Schedule 6(m) are true and complete lists of all Material Notes. Each Material Note constitutes a valid obligation of the maker thereof. No material default has occurred under any Material Note. Each Material Note is either unsecured, or, if secured, Debtor has a valid, duly perfected security interest in and lien on all of the property that serves to secure its Material Notes. No Material Note of any Debtor is subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against such Debtor by any Person.

(n) Set forth on Schedule 6(n) are true and complete lists of all Proprietary Collateral registered in the United States Patent and Trademark Office or the United States Copyright Office, as applicable, that such Debtor now owns or uses in connection with its business. Each Debtor owns and possesses the valid right to use the Proprietary Collateral, without any known conflict with the rights of others, and no litigation or proceeding is pending, or, to the best knowledge of the Debtor, threatened against such Debtor, which might, if successful, adversely affect such Debtor’s interest in the Proprietary Collateral in any material respect.

7. Title to Collateral; Liens; Transfers. Each Debtor represents that:

(a) Such Debtor has (i) good, valid and marketable title to all tangible items owned by it and constituting any portion of the Collateral with respect to which it has granted the security

interest hereunder, and good and valid rights in all other Collateral with respect to which it has granted the security interest hereunder, and (ii) full power and authority to grant to the Secured Party the security interest in such Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Security Agreement, without the consent or approval of any other Person other than any consent or approval that has been obtained prior to the date of execution and delivery of this Security Agreement.

(b) As of the Closing Date, there is no financing statement (or similar statement or instrument of registration under the law of any jurisdiction) covering or purporting to cover any interest of any kind of such Debtor in the Collateral, except for any filings or recordings covering any Liens permitted under Section 8.2.2 of the Credit Agreement. Such Debtor is, and as to any Collateral acquired by it from time to time after the date hereof such Debtor will be, the owner of all of its Collateral free and clear of any Liens, other than any Liens permitted under Section 8.2.2 of the Credit Agreement. No Debtor shall encumber, pledge, mortgage, grant a security interest in, assign, sell, lease or otherwise dispose of or transfer, whether by sale, merger, consolidation, liquidation, dissolution or otherwise, any of the Collateral, other than as permitted by the Credit Agreement. The security interest in favor of the Secured Party constitutes (or will constitute, after the taking of all actions set forth on Schedule 7(b)) a legal, valid and enforceable first priority (except as to any Permitted Liens) security interest in all of the Collateral of such Debtor, securing the payment and performance of the Secured Obligations.

8. Other Changes Affecting Perfection. No Debtor shall, without giving the Secured Party at least ten (10) Business Days' prior written notice thereof and taking such steps, satisfactory to the Secured Party in its sole discretion, as may be necessary or appropriate to maintain the perfection and full force and effect of the Lien in the Collateral: (a) change its jurisdiction of organization (including by merging or consolidating with any other corporation, limited liability company, partnership or other entity), (b) change the location of its chief executive office, (c) change the location from which it maintains its books of account, documents and other records in respect of its Collateral and contract rights or (d) make any change in such Debtor's name or adopt or operate under any trade name, assumed name or fictitious name or otherwise add any name under which such Debtor does business.

9. Voting Rights; Dividends; Etc. (a) So long as no Event of Default has occurred and is continuing:

(i) Each Debtor shall be entitled to (A) receive or retain cash dividends distributed in respect of or in exchange for any or all of the Material Equity Interests, to the extent permitted under the Credit Agreement, and (B) exercise any and all voting and other consensual rights pertaining to the Pledge Collateral pledged by such Debtor or any part thereof owned by such Debtor for any purpose not inconsistent with the terms of this Security Agreement or the Credit Agreement; *provided, however*, that such Debtor shall not exercise or refrain from exercising any such right if such action or inaction could reasonably be expected to have a material adverse effect on the value of the Material Collateral or any part thereof; and

(ii) The Secured Party shall execute and deliver (or cause to be executed and delivered) to each Debtor all such proxies and other instruments as such Debtor may reasonably request for the purpose of enabling such Debtor to exercise the voting and other rights such Debtor is entitled to exercise pursuant to paragraph (i) above.

(b) Upon the occurrence of an Event of Default which is continuing all rights of such Debtor to receive dividends or to exercise the voting and other consensual rights that such Debtor would otherwise be entitled to exercise pursuant to Section 9(a)(i) shall cease, and all such rights shall thereupon become vested in the Secured Party who shall thereupon have the sole right to exercise such voting and other consensual rights.

Without limiting the generality of the foregoing and in addition thereto, without the written consent of the Secured Party, such Debtor shall not vote to enable, or take any other action to permit, any of its Subsidiaries which has issued Material Equity Interests to issue any Equity Interests or other ownership interests convertible into or granting the right to purchase or exchange for any Equity Interests or other ownership interests of any nature of any such Subsidiary, and all such additional Equity Interests consented to by the Secured Party shall be deemed Material Collateral subject to the terms of this Agreement. No Debtor shall enter into any agreement or undertaking restricting the right or ability of such Debtor or the Secured Party to sell, assign or transfer any of the Material Collateral.

10. [Reserved.]

11. Maintenance of Records. Each Debtor will keep and maintain at its own cost and expense, in accordance with sound business practices, records of its Collateral and contracts, including, but not limited to, records of all payments received, all credits granted thereon, and all other dealings therewith. Each Debtor shall, at its own cost and expense, if requested by the Secured Party, deliver to the Secured Party copies of all documents evidencing its Collateral and contracts and copies of such other documents relating to the Collateral as the Secured Party may reasonably request. If the Secured Party so directs after the occurrence and during the continuance of an Event of Default, each Debtor shall legend, in form and manner reasonably satisfactory to the Secured Party, the Collateral and contracts, as well as books, records and documents of such Debtor evidencing or pertaining to the Collateral with an appropriate reference to the fact that the Collateral and contracts have been assigned to the Secured Party and that the Secured Party has a security interest therein.

12. Limitations on Dispositions of Collateral. No Debtor shall sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so, except (i) for, so long as no Event of Default has occurred and is continuing, the disposition of Inventory and obsolete or worn out Collateral in the ordinary course of business and (ii) as otherwise permitted under the Credit Agreement. Upon any sale, transfer, lease or other disposition of any item of Collateral permitted under the Credit Agreement, the pledge and security interest granted hereby in such Collateral shall immediately and automatically terminate, and all rights to such Collateral



shall revert to the applicable Debtor, in each case without any further action by the Secured Party or any other Person.

13. Cash Collateral Account. At the request of the Secured Party upon and during the continuance of an Event of Default:

(a) All Collections into Cash Collateral Account; Receipt in Trust. All Proceeds of Collateral (“Collections”) shall be deposited, in the identical form in which such payment was made (except for any necessary endorsements), whether by cash or check, into an account (the “Cash Collateral Account”) designated by the Secured Party maintained at PNC Bank, National Association pursuant to a restricted account agreement among the Secured Party, the Debtors and the Depository Bank in form and substance reasonably satisfactory to the Secured Party (together with any amendment thereto or replacement thereof, the “Restricted Account Agreement”). Any Collections received directly by any Debtor shall be deemed held by such Debtor in trust and as fiduciary for the Secured Party. As provided above, such Debtor immediately shall deposit any such Collection, in its original form, into the Cash Collateral Account. Pending such deposit, each Debtor agrees that it will not commingle any such Collection with any of such Debtor’s other funds or property, but will hold it separate and apart therefrom in trust and as fiduciary for the Secured Party until deposit is made into the Cash Collateral Account.

(b) Cash Collateral Account. The Depository Bank shall acknowledge and agree, in a manner reasonably satisfactory to the Secured Party, that all Collections deposited in the Cash Collateral Account are the sole and exclusive property of the Secured Party for the benefit of the Secured Creditors, that the Depository Bank shall have no right to setoff (except as the Secured Party may expressly agree upon in writing) against the Cash Collateral Account. In accordance with the terms of the Restricted Account Agreement, the Depository Bank will wire, or otherwise transfer immediately available funds in a manner reasonably satisfactory to the Secured Party, all Collections and remittances deposited into the Cash Collateral Account on a daily basis as soon as good funds in respect to such Collections are collected. All funds in the Cash Collateral Account shall be deemed to be the property of the Secured Party for the benefit of the Secured Creditors and shall be subject only to the signing authority designated from time to time by the Secured Party. No Debtor shall have any interest therein or control over such funds. The Secured Party shall have sole access to the Cash Collateral Account, and no Debtor shall have access thereto. To the extent funds in the Cash Collateral Account were to be construed to be the property of such Debtor, such Debtor hereby confirms and re-grants to the Secured Party a security interest in all funds and other items held in the Cash Collateral Account as security for the Secured Obligations. The Cash Collateral Account shall not be subject to any deduction, set-off, banker’s lien or any other right in favor of any person or entity other than the Secured Party. Subject to the Secured Party’s other rights and remedies upon and during the continuance of an Event of Default, deposits to the Cash Collateral Account shall, in the sole discretion of the Secured Party, be applied against the principal and/or interest of the Loans and/or other Secured Obligations as hereinafter provided.

14. Protection of Collateral; Reimbursement; Defense of Material Collateral. All insurance expenses and all expenses of protecting, storing, warehousing, insuring, handling, maintaining, and shipping any Collateral, any and all excise, property, sales, use, or other taxes imposed by any state, federal, or local authority on any of the Collateral, or in respect of the sale thereof, or otherwise in respect of each Debtor's business operations which, if unpaid, could result in the imposition of any Lien upon the Collateral, shall be borne and paid by the Debtors. If any Debtor fails to promptly pay any portion thereof when due, except as may otherwise be permitted under this Security Agreement or under any of the other Loan Documents, the Secured Party, at its option, may, but shall not be required to, pay the same. All sums so paid or incurred by the Secured Party for any of the foregoing and any and all other sums for which the Debtors may become liable under this Security Agreement and all costs and expenses (including attorneys' fees and paralegals' fees, legal expenses, and court costs, expenses and other charges related thereto) which the Secured Party may incur in enforcing or protecting its Liens on or rights and interests in the Collateral or any of its rights or remedies under this Security Agreement or any other agreement between the parties to this Security Agreement or in respect of any of the transactions to be had under this Security Agreement shall be repayable on demand and, until paid by the Debtors to the Secured Party with interest thereon at a rate per annum equal to the rate that would be applicable to Base Rate Option Revolving Credit Loans (the "Specified Rate"), shall be additional Secured Obligations under this Security Agreement secured by the Collateral. Unless otherwise provided by Law, the Secured Party shall not be liable or responsible in any way for the safekeeping of any of the Collateral or for any loss or damage thereto or for any diminution in the value thereof, or for any act or default of any warehouseman, carrier, forwarding agency, or other Person whomsoever. Each Debtor shall use commercially reasonable efforts to appear in and defend any action or proceeding of which such Debtor is aware which could reasonably be expected to materially and adversely affect the Secured Party's interest in the Material Collateral or the proceeds thereof; provided, however, that with the prior written consent of the Secured Party such Debtor may settle such actions or proceedings with respect to the Material Collateral, which consent shall not be unreasonably withheld or delayed.

15. Inspection; Verification. During regular business hours and after reasonable notice to the applicable Debtor, the Secured Party (by any of its officers, employees, agents, representatives, or designees) shall have the right to inspect such Debtor's Collateral and to inspect all books, records, journals, orders, receipts, or other correspondence related thereto (and to make extracts or copies thereof as the Secured Party may desire) and to inspect the premises upon which any of the Collateral is located for the purpose of verifying the amount, quality, quantity, value, and condition of, or any other matter relating to, the Collateral. The Secured Party's rights under this Section 15 shall be subject to the provisions of Sections 8.1.5 and 11.9 of the Credit Agreement.

16. Status of Collateral. Each Debtor agrees to advise the Secured Party promptly, in sufficient detail, of any material change relating to the type, quantity or quality of the Collateral, or any event which could have a Material Adverse Change on the value of the Collateral or on the security interests granted to the Secured Party herein.

17. General Appointment as Attorney-in-Fact. In addition to any other provisions of this Security Agreement, upon the occurrence and during the continuation of an Event of Default, each Debtor hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Debtor and in the name of such Debtor or in its own name, from time to time following the occurrence and during the continuance of an Event of Default, in the Secured Party's discretion, for the purpose of carrying out the terms of this Security Agreement, without notice (except as specifically provided herein) to or assent by such Debtor, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement, including, without limiting the generality of the foregoing, the power and right, on behalf of such Debtor, to do the following, upon notice to such Debtor: (a) to pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against the Collateral (other than any taxes not required to be discharged pursuant to the Credit Agreement or liens, security interests or other encumbrances permitted under the Credit Agreement), to effect any repairs or any insurance, called for by the terms of this Security Agreement and to pay all or any part of the premiums therefor and the costs thereof, and otherwise to itself perform or comply with, or otherwise cause performance or compliance with, any of the covenants or other agreements of such Debtor contained in this Security Agreement which such Debtor has failed to perform or with which such Debtor has not complied; (b) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (c) to defend any suit, action or proceeding brought against such Debtor with respect to any Collateral; (d) to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Secured Party may deem appropriate; (e) to generally sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Secured Party were the absolute owner thereof for all purposes; (f) endorse such Debtor's name on all applications, documents, papers and instruments necessary or desirable for the Secured Party in the use of the Proprietary Collateral; and (g) grant or issue any exclusive or non-exclusive license under the Proprietary Collateral to anyone, and to do, at the Secured Party's option and such Debtor's expense, at any time, or from time to time, all acts and things which the Secured Party deems necessary to protect, preserve or realize upon the Collateral and the Secured Party's security interest therein, in order to effect the intent of this Security Agreement, all as fully and effectively as such Debtor might do. Each Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

18. Secured Party, Secured Creditors Not Liable; Waivers.

(a) The powers conferred on the Secured Party hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it or any Secured Creditor to exercise any such powers. The Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any Secured Creditor nor any of their respective officers, directors, employees or agents shall be responsible to the Debtors for any act or failure to act, except for its failure to exercise reasonable care in the custody of any Collateral in its

possession, its own gross negligence or its own willful misconduct, as determined in a final judgment by a court of competent jurisdiction.

(b) Except as otherwise provided in this Security Agreement, EACH DEBTOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE AND JUDICIAL HEARING IN CONNECTION WITH THE SECURED PARTY'S TAKING POSSESSION OR THE SECURED PARTY'S DISPOSITION OF ANY OF THE COLLATERAL, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT WHICH SUCH DEBTOR WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR OF ANY STATE, and each Debtor hereby further waives, to the extent permitted by law:

- (i) all damages occasioned by such taking of possession except any damages which are the direct result of the Secured Party's failure to exercise reasonable care in taking of possession of any such Collateral, gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment;
- (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Secured Party's rights hereunder; and
- (iii) all rights of redemption, appraisalment, valuation, stay, extension or moratorium now or hereafter in force under any applicable law in order to prevent or delay the enforcement of this Security Agreement or the absolute sale of the Collateral or any portion thereof, and each Debtor for itself and all who may claim under it, insofar as it or they now or hereafter lawfully may, hereby waives the benefit of all such laws.

Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the applicable Debtor therein and thereto, and shall be a perpetual bar both at law and in equity against such Debtor and against any and all persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under such Debtor.

19. Authority to Execute Transfers. Without limitation of any authorization granted to the Secured Party hereunder, each Debtor also hereby authorizes the Secured Party, upon the occurrence and continuance of an Event of Default, to execute, in connection with the exercise by the Secured Party of its remedies hereunder, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

20. Performance by Secured Party of Debtor's Obligations. If any Debtor fails to perform or comply with any of its agreements contained herein and the Secured Party shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the

expenses of the Secured Party incurred in connection with such performance or compliance, together with interest thereon at the Specified Rate in effect from time to time, shall be payable by the Debtors to the Secured Party on demand and shall constitute Secured Obligations secured hereby. The Secured Party will notify the Debtors as soon as it is practicable of any action taken by it of the nature referred to herein.

21. Reinstatement. The provisions of this Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Debtor for liquidation or reorganization, should such Debtor become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of such Debtor's assets or should any other financial impairment occur, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference", "fraudulent conveyance", or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

22. Termination of Security Interest; Release of Collateral. Upon the payment in full of all Secured Obligations and termination of all of the Commitments (other than Obligations, such as indemnities, which, by their terms survive the payment in full of the Loans and termination of all of the Commitments): (a) the security interests and licenses granted to the Secured Party under this Security Agreement shall terminate, (b) all rights to the Collateral shall revert to the applicable Debtor, (c) the Secured Party will, at the Debtors' expense, execute and deliver to the applicable Debtor such documents as such Debtor may reasonably request to evidence the termination of such security interests and the release of such Collateral, and (d) this Security Agreement shall be terminated, and the Debtors shall have no further liabilities or obligations thereunder (except any liabilities and/or obligations which under the terms of this Security Agreement survive termination of such agreement). If (A) all of a majority of the Equity Interests of a Debtor or any of its successors in interest under this Agreement shall be sold or otherwise disposed of (including by merger or consolidation) or (B) a Debtor shall liquidate or dissolve, in each case under clauses (A) and (B) above, as permitted under the Credit Agreement, then, the obligations of such Debtor or such successor in interest, as the case may be, hereunder shall automatically be discharged and released without any further action by the Secured Party or any other Person effective as of the time of such sale, disposition, merger, consolidation, liquidation or dissolution. Upon the written request of the Debtors, the Secured Party shall also, at the applicable Debtor's expense, provide such documents and take such actions as such Debtor may reasonably request to evidence or effectuate any automatic release of a Debtor or of a security interest, as provided in this Section 22 and Section 12, above.

23. Events of Default. Any of the following shall be an "Event of Default" under this Security Agreement:

- (a) any Debtor's failure to perform when due any agreement or covenant to be performed by such Debtor pursuant to the terms of this Security Agreement (subject to the notice and cure provisions of Section 9.1.5 of the Credit Agreement); or
- (b) the occurrence of any other "Event of Default" under the Credit Agreement or any other Loan Document.

24. Certain Remedies. In addition to the rights and remedies set forth in Section 25, below, upon the occurrence and during the continuance of an Event of Default, the Secured Party shall have the right, in any Debtor's or the Secured Party's name to: (i) notify Account Debtors and other persons indebted to such Debtor of the Secured Party's interest in any such amounts payable to such Debtor, to instruct such Account Debtors and other Persons to remit such amounts directly to the Secured Party, and, upon collection of the same and apply same to the Secured Obligations, (ii) demand payment of the Collateral, (iii) enforce payment of the Collateral, by legal proceedings or otherwise, (iv) exercise all of such Debtor's rights and remedies with respect to the collection of the Collateral, (v) settle, adjust, compromise, extend, or renew the Collateral, (vi) settle, adjust, or compromise any legal proceedings brought to collect the Collateral, (vii) if permitted by applicable law, sell or assign the Collateral upon such terms, for such amounts, and at such time or times as the Secured Party deems advisable, (viii) discharge and release the Collateral, (ix) take control, in any manner, of any item of payment or Proceeds relating to any Collateral, (x) prepare, file, and sign such Debtor's name on a proof of claim in bankruptcy or similar document against any Account Debtor, and (xi) endorse the name of such Debtor upon any of the items of payment or Proceeds relating to any Collateral and deposit the same to the account of the Secured Party on account of the Secured Obligations. Without limiting the generality of the foregoing, the Secured Party shall have the right, in such Debtor's or the Secured Party's name to:

- (a) instruct the obligor or obligors on any agreement, instrument or other obligation constituting the Collateral to make any payment required by the terms of such instrument or agreement directly to the Secured Party; and
- (b) withdraw any or all monies, investment property, or instruments or other financial assets in any deposit account or securities account for application to the Secured Obligations.

25. Additional Remedies. Upon the occurrence and during the continuance of an Event of Default, to the extent permitted by applicable law and in addition to any other right or remedy provided for in this Security Agreement, the Secured Party shall have each of the following rights and remedies:

- (a) General Rights and Remedies. The Secured Party shall have all of the rights and remedies of a secured party under the UCC or under other applicable law, and the Secured Party shall have all other legal and equitable rights to which the Secured Party may be entitled, all of which rights and remedies shall be cumulative, and none of which

shall be exclusive, to the extent permitted by law, in addition to any other rights or remedies contained in this Security Agreement or in any of the other Loan Documents.

(b) Possession of Collateral. The Secured Party shall have the right to take immediate possession of the Collateral and all Proceeds relating to such Collateral (from such Debtor or any other person who then has possession of any part thereof, with or without notice or process of law) and: (i) require such Debtor, at such Debtor's expense, to assemble the Collateral and make it available to the Secured Party at such Debtor's place of business or other location designated by the Secured Party that is reasonably convenient to such Debtor (it being understood that such Debtor's obligation so to deliver the Collateral is of the essence of this Security Agreement and that, accordingly, upon application to a court of equity having jurisdiction, the Secured Party shall be entitled to a decree requiring specific performance by such Debtor of said obligation) or (ii) enter any of the premises of such Debtor or wherever any Collateral shall be located and to keep and store the same on such premises until sold. The Secured Party may direct such Debtor in writing to deliver Collateral to the Secured Party at any place or places reasonably designated by the Secured Party, in which event such Debtor shall at its own expense:

- (i) forthwith cause the same to be moved to the place or places so reasonably designated by the Secured Party and there delivered to the Secured Party,
- (ii) store and keep any Collateral so delivered to the Secured Party at such place or places pending further action by the Secured Party, and
- (iii) while the Collateral shall be so stored and kept, provide such guards and maintenance services as shall be necessary to protect the same and to preserve and maintain them in good condition.

If the premises on which the Collateral is located is owned or leased by such Debtor, then such Debtor shall not charge the Secured Party for storage of such Collateral on such premises for a period of at least one hundred eighty (180) days after the date on which Secured Party enters onto such premises and takes possession of the Collateral.

(c) License to Liquidate. The Secured Party is hereby granted an exclusive license or other right to use, without charge, each Debtor's labels, patents, copyrights, rights of use of any name or trade secrets, as it pertains to the Collateral, in advertising for sale and selling any Collateral and such Debtor's rights under all licenses and all franchise agreements shall inure to the Secured Party's benefit.

(d) Foreclosure of Liens. The Secured Party shall have the right to foreclose the Liens created under this Security Agreement and each of the other Loan Documents or under any other agreement relating to the Collateral.

(e) Disposition of Collateral. The Secured Party shall have the right to sell or to otherwise dispose of all or any Collateral in its then condition, or after any further manufacturing or processing thereof, at public or private sale or sales, wholesale dispositions, or sales pursuant to one or more contracts, with such notice as may be required by law, in lots or in bulk, for cash or on credit, all as the Secured Party, in its discretion, may deem advisable. Each Debtor acknowledges and covenants that ten (10) days prior written notice to such Debtor of any public or private sale or other disposition of Collateral shall be reasonable notice thereof, and such sale shall be at such Debtor's premises or at such other locations where the Collateral then is located, or as otherwise determined by the Secured Party. The Secured Party shall have the right to conduct such sales on such Debtor's premises, without charge therefor, and such sales may be adjourned from time to time in accordance with applicable law without further requirement of notice to such Debtor, and such Debtor shall permit the Secured Party to conduct a sale or sales from such premises at any time and from time to time and permit purchasers and prospective purchasers access to such premises and the Collateral for the purposes of inspecting, bidding, removal of Collateral and other activities incident to such sale. The Secured Party shall have the right to bid or credit bid any such sale on its own behalf. Each Debtor recognizes and acknowledges that the Secured Party may be unable to effect a public sale of all or a part of the Collateral by reason of certain prohibitions contained in the Securities Act of 1933, as amended, as now or hereafter in effect, or in applicable Blue Sky or other state securities laws, as now or hereafter in effect, but may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire such Collateral for their own account, for investment and not with a view to the distribution or resale thereof. Each Debtor agrees that private sales so made may be at prices and other terms less favorable to the seller than if such Collateral were sold at public sales, and that the Secured Party has no obligation to delay sale of any such Collateral for the period of time necessary to permit such Debtor, even if such Debtor would agree, to register such Collateral for public sale under such applicable securities laws. Each Debtor agrees that private sales made under the foregoing circumstances shall not be deemed to have been made in a commercially unreasonable manner by that fact alone.

(f) Rights and Remedies Concerning Proprietary Collateral. Without limiting the generality of Sections 24 and 25 hereof, the Secured Party may take any or all of the following actions: (i) declare the entire right, title and interest of such Debtor in each of the patents, copyrights, trademarks and other Proprietary Collateral vested, in which event such right, title and interest shall immediately vest in the Secured Party, in which case such Debtor agrees to execute an assignment in form and substance reasonably satisfactory to the Secured Party or all its right, title, and interest to such Proprietary Collateral to the Secured Party; (ii) take and practice, use or sell the Proprietary Collateral; (iii) direct such Debtor to refrain, in which event such Debtor shall refrain, from using or practicing the Proprietary Collateral directly or indirectly, and such Debtor shall execute such other and further documents as the Secured Party may request further to confirm this and to transfer ownership of the Proprietary Collateral to the Secured Party and (iv) bring suit in its own name to enforce the patents, trademarks, copyrights or service marks secured hereby and, if



the Secured Party shall commence any such suit, each Debtor shall, at the request of the Secured Party, do any and all lawful acts and execute any and all proper documents required by the Secured Party in aid of such enforcement.

(g) Rights and Remedies Concerning Material Collateral. Without limiting the generality of Sections 24 and 25 hereof, the Secured Party may take any or all of the following actions: (a) transfer into its own name, or into the name of its nominee, all or any part of the Material Collateral, thereafter receiving all dividends, income or other distributions upon the Material Collateral (including, without limitation, any and all monies, claims and other amounts due and to become due at any time in respect of or arising out of the Material Notes); (b) take control of and manage all or any of the Material Collateral, including, without limitation, exercising any right, power or privilege granted thereunder and (c) apply to the payment of any of the Secured Obligations, whether any be due and payable or not, any moneys, including cash dividends and income from any Material Collateral, now or hereafter in the hands of the Secured Party or any Affiliate of the Secured Party, on deposit or otherwise, belonging to any Debtor, as the Secured Party in its sole discretion shall determine.

26. Application of Proceeds. All Collateral and Proceeds of Collateral obtained and realized by the Secured Party from the exercise of remedies hereunder or under any other documents relating to this Security Agreement shall, unless otherwise required by the terms of the other Loan Documents or by applicable law, be applied as provided in Section 9.2.4 of the Credit Agreement.

27. Agent. The Secured Party will hold in accordance with this Security Agreement all items of the Collateral at any time received under this Security Agreement. The acceptance by the Secured Party of this Security Agreement, with all the rights, powers, privileges and authority so created, shall not at any time or in any event obligate the Secured Party to appear in or defend any action or proceeding relating to the Collateral to which it is not a party, or to take any action hereunder or thereunder, or to expend any money or incur any expenses or perform or discharge any obligation, duty or liability under the Collateral. Each Debtor and, by accepting the benefits of this Security Agreement, each Secured Creditor acknowledges and agrees that the rights and obligations of the Secured Party shall be as set forth in Section 10 of the Credit Agreement. Notwithstanding anything to the contrary contained in Section 10 of the Credit Agreement, this Section 27, and the duties and obligations of the Secured Party set forth herein, may not be amended or modified without the consent of the Secured Party.

28. Enforcement on Behalf of Secured Creditors. The Secured Creditors agree by their acceptance of the benefits hereof that this Security Agreement may be enforced on their behalf only by the action of the Secured Party, acting upon the instructions of the Required Lenders and that no other Secured Creditor shall have any right individually to seek to enforce or to enforce this Security Agreement or to realize upon the security to be granted hereby, it being understood and agreed that such rights and remedies may be exercised by the Secured Party, for the benefit of the Secured Creditors, upon the terms of this Security Agreement.

29. Binding Effect; No Other Beneficiaries. This Security Agreement shall become effective when it shall have been executed by the Debtors and by the Secured Party and thereafter shall be binding upon and inure to the benefit of the Debtors and the Secured Party and their respective permitted successors and assigns. No creditor of any Debtor, or other person claiming by, through or under such Debtor or any of its Affiliates, other than the Secured Party and the other Secured Creditors, and their respective successors and assigns, shall be a beneficiary or third party beneficiary of this Security Agreement or otherwise shall derive any right or benefit herefrom.

30. Notices. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including telegraphic, telex, facsimile transmission, email or cable communication) and mailed, telegraphed, telexed, transmitted, cabled or delivered, (i) if to a Debtor, at its address specified in or pursuant to the Credit Agreement and (ii) if to the Secured Party, at its address specified in or pursuant to the Credit Agreement, or in any case at such other address as any such party listed may hereafter notify the others in writing. All such notices and communications shall be mailed, telegraphed, telexed, telecopied, emailed or cabled or sent by overnight courier, and shall be effective when received, unless otherwise provided in the Credit Agreement.

31. Governing Law. This Security Agreement shall be governed by and construed in accordance with the Laws of the State of New York and the respective rights and obligations of the Debtors and the Secured Party shall be governed by, and construed in accordance with, the law of the State of New York (without reference to the conflicts of law principles thereof other than Section 5-1401 of the New York General Obligations Law); provided that the UCC shall govern the attachment and perfection of the security interests created hereby.

32. Severability of Provisions; Captions. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. The several captions to sections and subsections herein are inserted for convenience only and shall be ignored in interpreting the provisions of this Security Agreement.

33. Effectiveness of Security Documents. Some or all of the Debtors may execute and deliver to the Secured Party additional Loan Documents granting Liens in favor of the Secured Party governed by the laws of New York or of other jurisdictions, including foreign jurisdictions; and some or all of such other Loan Documents may also grant rights and interests in property that is part of the Collateral hereunder. All such rights and interests granted to the Secured Party in such other Loan Documents are intended to be, and shall be, cumulative with the rights and interests granted to the Secured Party, for the benefit of the Secured Creditors, in this Security Agreement; and this Security Agreement shall not be construed to impugn the effectiveness of, or the security interests or other Liens granted by, any of such other Loan Documents, nor shall any of such other Loan Documents be construed to impugn the effectiveness of, or the security interests or other Liens granted by, this Security Agreement.

34. Amendments, Waivers. No amendment to or waiver of any provision of this Security Agreement, and no consent to any departure by any party hereto, shall be effective unless in a writing signed by the other party pursuant to Section 11.1 of the Credit Agreement. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

35. Counterparts; Signatures. This Security Agreement may be executed manually, by electronic transmission or by facsimile by the parties hereto, in any number of counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

36. Entire Agreement. This Security Agreement and the Loan Documents referred to in or otherwise contemplated by this Security Agreement set forth the entire agreement of the parties as to the transactions contemplated by this Security Agreement.

37. Specific Performance. Each Debtor acknowledges and agrees that, in addition to the other rights of the Secured Party hereunder and under the other Loan Documents, because the Secured Party's remedies at law for failure of such Debtor to comply with the provisions hereof relating to the Secured Party's rights (i) to inspect the books and records related to the Collateral, (ii) to receive the various notifications such Debtor is required to deliver hereunder, (iii) to obtain copies of agreements and documents as provided herein with respect to the Collateral, (iv) to enforce the provisions hereof pursuant to which such Debtor has appointed the Secured Party its attorney-in-fact, and (v) to enforce the Secured Party's remedies hereunder, would be inadequate and that any such failure would not be adequately compensable in damages, such Debtor agrees that each such provision hereof may be specifically enforced.

38. JURY TRIAL WAIVER. EACH DEBTOR AND THE SECURED PARTY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG ANY DEBTOR, THE SECURED PARTY, THE LENDERS, ANY OTHER SECURED CREDITOR, ANY DEBTOR OR ANY SUBSIDIARY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS SECURITY AGREEMENT, THE CREDIT AGREEMENT, OR ANY NOTE, GUARANTY OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, WITH THE CREDIT AGREEMENT OR WITH THE TRANSACTIONS RELATED THERETO. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims, and all other statutory and common law claims. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS OF THIS SECURITY AGREEMENT. In the event of litigation, this provision may be filed as a written consent to a trial by the court.

39. Ferroglobe PLC Pledge Limitations. Notwithstanding anything to the contrary contained herein, the Borrower is entering into this Security Agreement solely to grant a security

interest in all of the Borrower's right, title and interest in the Equity Interests issued by Globe Specialty Metals, Inc. (the "Globe Equity Interests"), and the representations, warranties, covenants and other provisions of this Security Agreement shall apply to the Borrower solely with respect to the Globe Equity Interests.

[No further provisions are on this page; the next page is the signature page.]

IN WITNESS WHEREOF, the parties have caused this Security Agreement to be executed by their respective officers and agents thereunto duly authorized, as of the date first above written.

DEBTORS:

EXECUTED by FERROGLOBE PLC  
acting by \_\_\_\_\_ a Director in  
the presence of \_\_\_\_\_

[Signature of Director]

.....

[Signature of witness]

.....

Name:

Address:

Occupation:

**GLOBE SPECIALTY METALS, INC.,** a  
Delaware corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ALABAMA SAND AND GRAVEL, INC.,** a  
Delaware corporation

**GLOBE METALLURGICAL INC.,** a Delaware  
corporation

**ALDEN RESOURCES LLC,** a Delaware limited  
liability company

**ARL RESOURCES, LLC,** a Delaware limited  
liability company

**ARL SERVICES, LLC,** a Delaware limited  
liability company

**ALDEN SALES CORP, LLC,** a Delaware limited  
liability company

**CORE METALS GROUP HOLDINGS LLC,** a  
Delaware limited liability company

**CORE METALS GROUP LLC,** a Delaware  
limited liability company

**METALLURGICAL PROCESS MATERIALS,  
LLC,** a Delaware limited liability company

**TENNESSEE ALLOYS COMPANY, LLC,** a  
Delaware limited liability company

**GSM SALES, INC.,** a Delaware corporation

**NORCHEM, INC.,** a Florida corporation

**GATLIFF SERVICES, LLC,** a Delaware limited  
liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SECURED PARTY:**

**PNC BANK, NATIONAL  
ASSOCIATION, as Administrative Agent**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

S-3

[Signature Page to US Security Agreement]

---

Schedule 6(a)  
Place of Business, Jurisdiction Where Organized, Locations of Collateral

*Organizational Information:*

<b>Debtor</b>	<b>Type of Organization</b>	<b>Jurisdiction of Formation</b>	<b>State Organizational Identification Number</b>	<b>U.S. Federal Tax Identification Number</b>
				20-055624

*Locations:*

<b>Debtor</b>	<b>Principal Place of Business</b>	<b>Chief Executive Office</b>	<b>Location of Books and Records</b>	<b>Other Locations</b>

---



Collateral in Possession of Bailee, Warehouseman, Processor or Consignee:

Debtor	Name / Location	Nature of Relationship

---

Schedule 6(c)  
Other names

Schedule 6(d)  
Mergers, Acquisitions, etc.

Schedule 6(e)  
Deposit Accounts

Debtor	Type of Account	Name and Address of Bank	Account Number

Securities Accounts

Debtor	Type of Account	Name and Address of Securities Intermediary	Account Number

Commodities Accounts

Debtor	Type of Account	Name and Address of Commodities Intermediary	Account Number

---

Schedule 6(f)  
Commercial Tort Claims

Schedule 6(g)  
Equity Interests

Schedule 6(m)  
Material Notes

Schedule 6(n)  
Proprietary Collateral

Patents:

Patent Applications:

Copyrights:

Copyright Applications:

Trademarks, Trade Name and Service Marks:

Trademark Applications:

Domain Names:

---

Schedule 7(b)  
Taking of Actions That Shall Constitute a Legal, Valid, and Enforceable First Priority Security  
Interest in All of the Collateral of Such Debtor

---

EXHIBIT 1.1(S)(2)

UK SECURITY AGREEMENT  
[See attached]

---

DATED

2018

**FERROGLOBE PLC**

as Borrower

(1)

and

**PNC BANK, NATIONAL**

**ASSOCIATION**

as UK Security Trustee

(2)

---

**DEBENTURE**

---

Squire Patton Boggs (UK) LLP  
6 Wellington Place  
Leeds LS1 4AP  
United Kingdom  
DX 321081 Leeds 18

O +44 113 284 7000  
F +44 113 284 7001

Reference TXT1/SQU.038-0352

---

## CONTENTS

1	INTERPRETATION	1
2	COVENANT TO PAY	6
3	FIXED CHARGES	6
4	FLOATING CHARGE	6
5	CONTINUING SECURITY	8
6	REPRESENTATIONS AND WARRANTIES	10
7	GENERAL UNDERTAKINGS	11
8	ACCOUNTS AND RECEIPTS	12
9	MONETARY CLAIMS	13
10	SHARES	14
11	INTELLECTUAL PROPERTY	16
12	FURTHER ASSURANCE	17
13	POWER TO REMEDY	17
14	ENFORCEMENT OF SECURITY	17
15	ADMINISTRATORS AND RECEIVERS	18
16	APPLICATION OF PROCEEDS	21
17	POWER OF ATTORNEY	21
18	PROTECTION OF UK SECURITY TRUSTEE AND RECEIVERS	22
19	PROTECTION OF THIRD PARTIES	22
20	DELEGATION BY UK SECURITY TRUSTEE	22
21	REDEMPTION OF PRIOR MORTGAGES	23
22	RELEASE OF THE SECURITY	23
23	PAYMENTS	23
24	COSTS AND EXPENSES	23
25	ASSIGNMENTS AND TRANSFERS	24
26	REMEDIES AND WAIVERS	24

27	SET-OFF	24
28	ADDITIONAL PROVISIONS	25
29	NOTICES; EFFECTIVENESS; ELECTRONIC COMMUNICATION	26
30	GOVERNING LAW	26
31	ENFORCEMENT AND JURISDICTION	26
32	COUNTERPARTS AND EFFECTIVENESS	28
	SCHEDULE 1 DETAILS OF CERTAIN ASSETS	29
	PART 1 REGISTERED INTELLECTUAL PROPERTY	29
	PART 2 SHARES	30
	PART 3 CHARGED ACCOUNTS	31
	SCHEDULE 2 FORMS OF NOTICE AND ACKNOWLEDGEMENT	32
	PART 1	32
	PART 1A FORM OF NOTICE TO BANK WITH WHOM ACCOUNT MAINTAINED	32
	PART 1B FORM OF ACKNOWLEDGEMENT	34
	SIGNATURES	36



**PARTIES**

- (1) **FERROGLOBE PLC** (Company Number 09425113) whose registered office is at 5 Fleet Place, London, England EC4M 7RD (the "**Borrower**")
- (2) **PNC BANK, NATIONAL ASSOCIATION** as Administrative Agent and trustee for the Secured Parties (the "**UK Security Trustee**", which expression includes any person which is for the time being a trustee (or a co-trustee) for the Secured Parties)

**INTRODUCTION**

- A The Borrower, the Guarantors party thereto as the "Guarantors", the Lenders party thereto as the "Lenders", PNC Bank, National Association, as the "Administrative Agent", and PNC Bank, National Association as the "Swing Loan Lender" and the "Issuing Lender", are the parties to that certain Credit Agreement of even date herewith (as amended, restated, supplemented, replaced and otherwise modified from time to time, the "**Credit Agreement**").
- B It is a condition precedent to the effectiveness of the Credit Agreement that the Borrower executes and delivers this Debenture.
- C The board of directors of the Borrower is satisfied that entering into this Debenture would be most likely to promote the success of the Borrower for the benefit of its members as a whole and to the further benefit and advantage of the Borrower.
- D The UK Security Trustee holds the Liens, the UK Collateral and the benefit of this Debenture on trust for itself and the other Secured Parties on the terms of this Debenture and the Credit Agreement.

**IT IS AGREED THAT:****1 INTERPRETATION****1.1 Definitions**

In this Debenture the following terms have the meanings given to them in this clause.

"**Account**" means any account now or in the future opened or maintained by the Borrower with a bank or other financial institution in the United Kingdom (and any replacement account or subdivision or subaccount of that account), all amounts from time to time standing to the credit of, or accrued or accruing on, such account and all Related Rights.

"**Acknowledgement**" means a duly completed acknowledgement in the form set out in the relevant Part of Schedule 2 (Forms of Notice and Acknowledgement) being Part 1B in the case of Charged Accounts, or in such other form as may be approved by the UK Security Trustee.

"**Administrator**" means an administrator appointed under schedule B1 to the Insolvency Act.

**"Charged Accounts"** means:

- (a) each Collateral Account;
- (b) each Account identified in Part 3 of Schedule 1 (Details of Certain Assets); and
- (c) any other Account maintained by the Borrower with a bank in the United Kingdom.

**"Collateral Account"** means any Account that may from time to time be opened by the Borrower with the UK Security Trustee pursuant to clause 8.1 (Accounts: General).

**"Credit Agreement"** has the meaning given in Recital A above.

**"Default Rate"** means the rate specified in clause 4.3.2 (*Other Obligations*) of the Credit Agreement.

**"Insolvency Act"** means the Insolvency Act 1986.

**"Insurances"** means all contracts and policies of insurance of whatever nature which are, from time to time, taken out by or on behalf of the Borrower or (to the extent of such interest) in which the Borrower has an interest.

**"Intellectual Property"** means:

- (a) any patents, trade marks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of the Borrower (which may now or in the future subsist),

including, without limitation, the Registered Intellectual Property.

**"Law of Property Act"** means the Law of Property Act 1925.

**"Lien"** means a mortgage, deed of trust, pledge, lien, security interest, charge or other encumbrance or security arrangement of any nature whatsoever, whether voluntarily or involuntarily given, including any conditional sale or title retention arrangement, and any assignment, deposit arrangement or lease intended as, or having the effect of, security or any other agreement or arrangement having a similar effect.

**"Monetary Claims"** means any book and other debts and monetary claims of any nature owing to the Borrower and any proceeds of such debts and claims (including any claims or sums of money deriving from or in relation any claim, return of premium or the proceeds paid or payable in respect of any Insurance, any court order or judgment, any contract or other agreement to which the Borrower is a party and any

other assets, property, rights or undertaking of the Borrower, but excluding the Accounts), included all Related Rights in connection with each Monetary Claim.

"**Notice of Security**" means a duly completed notice of security in the form set out in the relevant Part of Schedule 2 (Forms of Notice and Acknowledgement) being Part 1A, in the case of Charged Accounts, or in such other form as may be approved by the UK Security Trustee.

"**Receiver**" means a receiver and manager or any other receiver (whether appointed pursuant to this Debenture or any statute, by a court or otherwise) of all or any of the Secured Assets and shall, where permitted by law, include an administrative receiver.

"**Registered Intellectual Property**" means patents, petty patents, utility models, registered trade marks, registered designs and registered copyright, including applications for any of the same which is registered, or subject to an application to be registered, at the UK Intellectual Property Office or the EU Intellectual Property Office.

"**Related Rights**" means, in relation to any asset:

- (a) the proceeds of sale of all or any part of that asset;
- (b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset;
- (c) all rights, powers, benefits, claims, contracts, warranties, remedies, security, guarantees, indemnities or covenants for title in respect of that asset; and
- (d) any monies, proceeds or income paid or payable in respect of that asset.

"**Secured Assets**" means all of the assets, rights, title, interests and benefits of the Borrower from time to time subject to the Security.

"**Secured Obligations**" means any and all of the Obligations, including, without limitation, any Loan Party's indebtedness and other obligations in respect of the following:

- (a) all principal of and interest on Loans or advances or other extensions of credit to or for the benefit of the Borrower, which such Loans or advances may be evidenced by promissory notes (the "**Notes**", such term to include all notes and other instruments or securities issued in exchange therefor or in replacement thereof);
- (b) all Letter of Credit Obligations;
- (c) all obligations arising in connection with Other Lender Provided Financial Service Products;
- (d) all Foreign Currency Hedge Liabilities and all Interest Rate Hedge Liabilities;

- (e) all commitment fees and other amounts from time to time owing to the Secured Parties under or in connection with the Credit Agreement, any Security Agreement, any Guaranty or any other Loan Document;
- (f) all costs and expenses (including, but not limited to, reasonable attorneys' fees) incurred by the Secured Parties in the collection of any or all amounts due and payable under the Credit Agreement and in the enforcement of their rights under the Credit Agreement, the Notes, any Guaranty Agreement, any Security Agreement or any other Loan Document, in all cases, to the extent and as provided for in the Credit Agreement and such other Loan Documents;
- (g) to the extent not otherwise addressed above, all other Obligations; and
- (h) all extensions, renewals or refinancings thereof, in whole or in part, whether such Obligations, liabilities, or Indebtedness are direct or indirect, secured or unsecured, joint or several, absolute or contingent, due or to become due, whether for payment or performance, now existing or hereafter arising and including Obligations, liabilities, and Indebtedness arising or accruing after the commencement of an Insolvency Proceeding with respect to the Borrower, any other Loan Party or any Subsidiary or which would have arisen or accrued but for the commencement of such Insolvency Proceeding, even if the claim for such Obligation, liability, or Indebtedness is not enforceable or allowable in such Insolvency Proceeding, and including all Obligations, liabilities, and Indebtedness arising from any extensions of credit under or in connection with the Loan Documents from time to time, regardless whether any such extensions of credit are in excess of the amount committed under or contemplated by the Loan Documents or are made in circumstances in which any condition to extension of credit is not satisfied; provided, however, that notwithstanding anything to the contrary in the foregoing or otherwise in any Security Agreement, the Secured Obligations shall not include Excluded Hedge Liabilities,

provided that no Obligation shall be included in the definition of "Secured Obligations" to the extent that, if it were so included, the Security (or any part thereof) or any other provision of this Debenture would be unlawful or prohibited by any applicable law.

"**Secured Parties**" means each of the Secured Parties (as defined in the Credit Agreement) and any Receiver.

"**Security**" means the Liens created or intended to be created by this Debenture.

"**Security Period**" means the period beginning on the date of this Debenture and ending on the date upon which the UK Security Trustee is satisfied that:

- (a) none of the Secured Parties is under any obligation (whether actual or contingent) to make advances or provide other financial accommodation to any Loan Party under any of the Loan Documents; and
- (b) all Secured Obligations have been unconditionally and irrevocably paid in full.

"**Shares**" means the shares identified in Part 2 of Schedule 1 (Details of Certain Assets) (if any) and all other shares in the capital of any company incorporated in

England and Wales now or in the future legally or beneficially owned by the Borrower and/or any nominee on its behalf, but excluding any shares in a Joint Venture where the constitutional documents of that Joint Venture prohibit the charging of such shares, together with all warrants, options or other rights to subscribe for, purchase or otherwise acquire any securities and investments in each case whether held directly by or to the order of the Borrower or by any custodian, nominee, fiduciary, clearance system or other similar person on its behalf (and all rights against any such person).

## **1.2 Defined Terms**

Unless this Debenture provides otherwise or the context otherwise requires, a term which is defined (or expressed to be subject to a particular construction) in the Credit Agreement shall have the same meaning (or be subject to the same construction) in this Debenture.

## **1.3 Incorporation of Terms**

The terms of the Loan Documents and any side letters between the Borrower and the Secured Parties are incorporated into this Debenture to the extent required for any purported disposition contained in this Debenture to be a valid disposition in accordance with Section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989.

## **1.4 Certificates**

Any certification or determination by a Secured Party of a rate or amount of any Secured Obligation owed to it shall be, in the absence of manifest error, conclusive evidence of the existence and amount of such Secured Obligation.

## **1.5 Nominees**

If the UK Security Trustee causes or requires Shares or any other asset to be registered in the name of a nominee for the UK Security Trustee, any reference in this Debenture to the UK Security Trustee shall, if the context so permits or requires, be construed as a reference to each of the UK Security Trustee and such nominee.

## **1.6 Third Party Rights**

- (a) The terms of this Debenture may be enforced only by a party to it and the operation of the Contracts (Rights of Third Parties) Act 1999 is excluded, provided that any Receiver and any other Secured Party may rely on and enforce this Debenture.
- (b) The parties to this Debenture may vary or rescind this Debenture without the consent of any third party.

## **1.7 Clause and Schedule Headings**

- (a) Unless otherwise stated, any reference in this Debenture to a clause or a Schedule shall be construed as a reference to a clause of or a schedule to this Debenture.

(b) Clause and Schedule headings are for ease of reference only and shall not affect the construction of this Debenture.

## **2 COVENANT TO PAY**

### **2.1 Covenant to Pay**

The Borrower agrees, as primary obligor and not only as a surety, that it will pay and discharge the Secured Obligations as and when they fall due or, if no time for payment is specified in respect of the same, promptly on demand of the UK Security Trustee.

### **2.2 Interest**

Any Secured Obligation which is owed by the Borrower under this Debenture and is not paid when due shall bear interest at the Default Rate from the due date until the date on which such Secured Obligation is unconditionally and irrevocably paid in full and such interest shall accrue from day to day (after as well as before judgment) and be payable by the Borrower on demand of the UK Security Trustee.

## **3 FIXED CHARGES**

The Borrower, with full title guarantee and as continuing security for the payment and discharge of the Secured Obligations, charges in favour of the UK Security Trustee to hold the same on trust for the Secured Parties on the terms set out in the Credit Agreement:

- (a) by way of first fixed charge all the Borrower's present and future right, title and interest in and to and the benefit of:
- (i) all plant and machinery, equipment, computers and other chattels (excluding any for the time being forming part of the Borrower's stock- in-trade or work in progress or any vehicles) owned by the Borrower or (to the extent of such interest) in which the Borrower has an interest and the benefit of all contracts and warranties relating to the same;
  - (ii) all Charged Accounts;
  - (iii) all Shares and all Related Rights;
  - (iv) any pension fund (to the extent permitted by law);
  - (v) all goodwill and uncalled capital of the Borrower; and
  - (vi) all of the Registered Intellectual Property (if any) specified in Schedule 1 (Details of Certain Assets) and all other Registered Intellectual Property of the Borrower.

## **4 FLOATING CHARGE**

### **4.1 Creation of Floating Charge**

- (a) The Borrower, with full title guarantee and as continuing security for the payment and discharge of the Secured Obligations, charges in favour of the UK Security Trustee to hold the same on trust for the Secured Parties on the terms set out in the Credit Agreement by way of a first floating charge all its undertaking and assets whatsoever and wheresoever both present and future, not effectively charged pursuant to clause 3 (Fixed Charges).
- (b) Paragraph 14 of Schedule B1 to the Insolvency Act applies to the floating charge created pursuant to this clause 4 (Floating Charge).

#### **4.2 Conversion of Floating Charge**

- (a) The UK Security Trustee may, by notice to the Borrower, convert the floating charge created under this Debenture with immediate effect into a fixed charge if:
  - (i) the Security becomes enforceable in accordance with clause 14 (Enforcement of Security);
  - (ii) the UK Security Trustee in good faith considers any of the Secured Assets to be in danger of being seized or sold under or pursuant to any form of distress, attachment, execution or other legal process or otherwise to be in jeopardy; or
  - (iii) the UK Security Trustee considers such conversion to be necessary to protect the priority of the Security,and such fixed charge shall apply to all assets subject to the floating charge unless and to the extent that such notice otherwise specifies.
- (b) The floating charge created under this Debenture shall (in addition to the circumstances in which the same will occur under general law) automatically be converted into a fixed charge (without notice) as regards all the assets subject to the floating charge at such time:
  - (i) upon the convening of a meeting of the members of the Borrower to consider a resolution to wind up the Borrower;
  - (ii) upon the presentation of a petition to wind up the Borrower or the presentation or making of an application for a warrant of execution or a third party debt order or charging order in respect of any of the Secured Assets subject to the floating charge under this Debenture;
  - (iii) upon the issue and notice of distraint by HM Revenue and Customs or other competent authority, or upon any steps being taken to distraint for rent against any property of the Borrower; or
  - (iv) if the Borrower fails to comply with its covenant in clause 7.1 (Negative Pledge and Disposals) of this Debenture,

provided that nothing in this Debenture shall cause the floating charge to crystallise by reason of the Borrower obtaining or of anything being done with

a view to the Borrower obtaining a moratorium under Section 1A of and Schedule A1 to the Insolvency Act.

- (c) The giving of notice by the UK Security Trustee pursuant to paragraph (a) above in relation to any of the Secured Assets shall not be construed as a waiver or abandonment of the right of the UK Security Trustee to serve similar notices in respect of any other of the Secured Assets or of any other of the rights of the Secured Parties (or any of them) under any Loan Document.
- (d) If the floating charge has crystallised pursuant to either paragraph (a) or (b) above but the circumstances giving rise to such crystallisation have ceased to apply, the UK Security Trustee may by notice to the Borrower convert the relevant charge(s) back to a floating charge in respect of such assets or crystallised charge.

## **5 CONTINUING SECURITY**

### **5.1 Continuing and Independent Security**

The Security shall constitute and be continuing security which shall not be released or discharged by any intermediate payment or settlement of all or any of the Secured Obligations, shall continue in full force and effect until the end of the Security Period and is in addition to and independent of, and shall not prejudice or merge with, any other security (or any right of set-off) which the UK Security Trustee or any other Secured Party may hold at any time for the Secured Obligations or any of them.

### **5.2 New Accounts**

If the UK Security Trustee receives notice of any Lien created or arising after the date of this Debenture in respect of the Secured Assets or any of them or makes demand of the Borrower for payment of any or all of the Secured Obligations:

- (a) the UK Security Trustee may open a new account or accounts in respect of any or all of the Secured Obligations (and if it does not do so it shall be treated as if it had done so at the time it received such notice or made such demand); and
- (b) thereafter any amounts paid to the UK Security Trustee in respect of the Secured Obligations, or realised or recovered by the UK Security Trustee under this Debenture, shall be credited to a new account (or be treated as having been so credited) and not applied (or be treated as having been applied) in or towards payment of all or any of the Secured Obligations.

### **5.3 Avoidance of Payments**

Where any release, discharge or other arrangement in respect of any Secured Obligation or any Lien which any Secured Party may hold for such Secured Obligation is given or made in reliance on any payment or other disposition which is avoided or must be repaid in an insolvency, liquidation or otherwise, and whether or not such Secured Party has conceded or compromised any claim that any such payment or other disposition will or should be avoided or repaid, this Debenture and the Security shall continue as if such release, discharge or other arrangement had not been given or made.



#### **5.4 Immediate Recourse**

Neither the UK Security Trustee nor any other Secured Party shall be obliged before exercising any of the rights conferred on it by this Debenture or by law to seek to recover amounts due from any Loan Party or to exercise or enforce any other rights or security it may have or hold in respect of the Secured Obligations or any of them.

#### **5.5 Waiver of Defences**

Neither the obligations of the Borrower under this Debenture, nor the Security and the rights, powers and remedies conferred on the UK Security Trustee by this Debenture or by law shall be discharged, impaired or otherwise affected by:

- (a) the winding-up, dissolution, administration or reorganisation of any Loan Party or any other person or any change in the status, function, control or ownership of any Loan Party or any such person;
- (b) any of the Secured Obligations or any other security held by the UK Security Trustee or any other Secured Party in respect thereof being or becoming illegal, invalid, unenforceable or ineffective in any respect;
- (c) any time or other indulgence being granted or agreed to or with any Loan Party or any other person in respect of the Secured Obligations or any of them or in respect of any other security held by the UK Security Trustee or any other Secured Party in respect thereof;
- (d) any amendment to, or any variation, waiver or release of, the Secured Obligations or any of them or any other security, guarantee or indemnity held by the UK Security Trustee or any other Secured Party in respect thereof;
- (e) any total or partial failure to take or perfect any security proposed to be taken in respect of the Secured Obligations or any of them;
- (f) any total or partial failure to realise the value of, or any release, discharge, exchange or substitution of, any other security, guarantee or indemnity held by the UK Security Trustee or any other Secured Party in respect of the Secured Obligations or any of them; or
- (g) any other act, event or omission which might operate to discharge, impair or otherwise affect the obligations of the Borrower under this Debenture, the Security or any of the rights, powers and remedies conferred on the UK Security Trustee and the other Secured Parties by this Debenture or by law.

#### **5.6 No Competition**

Any right which the Borrower may have by way of subrogation, contribution or indemnity in relation to the Secured Obligations, or otherwise to claim or prove as a creditor of any Loan Party or any other person or its estate in competition with the UK Security Trustee or any other Secured Party, shall be exercised by the Borrower only if and to the extent that the UK Security Trustee so requires and in such manner and upon such terms as the UK Security Trustee may specify and the Borrower shall hold any moneys, rights or security held or received by it as a result of the exercise of any such rights on trust for the UK Security Trustee for application in accordance with the

terms of this Debenture as if such moneys, rights or security were held or received by the UK Security Trustee under this Debenture.

## **5.7 Appropriation**

Neither the UK Security Trustee nor any other Secured Party shall be obliged to apply any sums held or received by it in respect of the Secured Obligations in or towards payment of the Secured Obligations and any such sum shall be held by or paid to the UK Security Trustee for application pursuant to the terms of this Debenture provided that any such sum may be credited to a suspense or impersonal account and held in such account pending the application from time to time of such sums in or towards discharge of the Secured Obligations.

## **6 REPRESENTATIONS AND WARRANTIES**

The Borrower makes the representations and warranties set out in clauses 6.1 (Shares) to 6.4 (No Lien from any Loan Party) to each Secured Party and acknowledges that each of the Secured Parties has entered into the Loan Documents to which it is party in reliance on such representations and warranties.

### **6.1 Shares**

- (a) It has good and marketable title to all of the Shares it purports to own, free and clear in each case of any Lien (following the amendment to the articles of association of Ferroglobe Services (UK) Limited as required by the provisions of Schedule 8.1.11 of the Credit Agreement), and all such Shares have been validly issued and are fully paid and nonassessable.
- (b) Its Shares and all Related Rights are within the Borrower's disposition and control and the terms of each Share and each Related Right, if applicable, and of the memorandum and articles of association or other constitutional documents of each issuer of such Shares (following the amendment to the articles of association of Ferroglobe Services (UK) Limited as required by the provisions of Schedule 8.1.11 of the Credit Agreement) do not restrict or otherwise limit the Borrower's ability to transfer, mortgage, charge or otherwise grant security in respect of any of its Shares and/or the Related Rights.
- (c) It will not take any action whereby the rights attaching to, or the Security over, its Shares and the Related Rights are altered, diluted or otherwise adversely affected except with the prior written consent of the UK Security Trustee.
- (d) Save as otherwise expressly permitted under the Loan Documents, it has not sold or granted any rights of pre-emption over or agreed to sell or grant any right of pre-emption over or otherwise disposed of or agreed to dispose of the benefit of all or any of its rights, title, interests or benefits in, to or in respect of all or any of its Shares or any of the Related Rights.

### **6.2 Intellectual Property**

- (a) Set out in Part 1 of Schedule 1 (Details of Certain Assets) is a true and complete list of all Intellectual Property registered in the UK Intellectual

Property Office or EU Intellectual Property Office, as applicable, that it now owns or uses in connection with its business.

- (b) It owns and possesses the valid right to use the Intellectual Property, without any known conflict with the rights of others, and no litigation or proceeding is pending, or, to the best of its knowledge, threatened against it, which might, if successful, adversely affect its interest in the Intellectual Property in any material respect.

### **6.3 Account Terms**

The terms on which its Accounts are maintained do not restrict or otherwise limit its right to transfer or charge such Accounts.

### **6.4 No Lien from any Loan Party**

It has not requested or taken any Lien from any Loan Party for any obligations or liabilities of any Loan Party to it unless such Lien is a Permitted Lien.

### **6.5 Repetition**

The representations and warranties set out in clauses 6.1 (Shares) to 6.4 (No Lien from any Loan Party):

- (a) shall survive the execution of each Loan Document and each advance under the Credit Agreement; and
- (b) are made on the date of this Debenture and are deemed to be repeated on the date of each advance under the Credit Agreement during the Security Period with reference to the facts and circumstances then existing.

## **7 GENERAL UNDERTAKINGS**

### **7.1 Negative Pledge and Disposals**

The Borrower will not:

- (a) create or permit to subsist any Lien over all or any of the Secured Assets other than:
  - (i) Liens constituted by or created pursuant to any of the Loan Documents; and
  - (ii) other Liens expressly permitted under the terms of the Loan Documents; or
- (b) dispose of any of its assets except to the extent and in the manner expressly permitted under the Loan Documents.

### **7.2 People with Significant Control regime**

The Borrower shall (and shall ensure that each of its Subsidiaries based in the UK will):

- (a) within the relevant timeframe, comply with any notice it receives pursuant to Part 21A of the Companies Act 2006 from any company incorporated in the United Kingdom whose shares are the subject of the Security; and
- (b) promptly provide the UK Security Trustee with a copy of that notice.

## **8 ACCOUNTS AND RECEIPTS**

### **8.1 Accounts: General**

The Borrower will:

- (a) deliver to the UK Security Trustee on the date of this Debenture details of each of its Accounts (and, if any change in such detail (including any renewal or redesignation of any such Account) occurs after the date of this Debenture or any new Account is opened, details of such change or new Account on the date of such change or opening); and
- (b) open such new accounts as Collateral Accounts as the UK Security Trustee shall require (whether before or after the Security has become enforceable) for the purposes of clause 9.3 (Monetary Claims after Security becomes Enforceable).

### **8.2 Charged Accounts**

(a) The Borrower will:

- (i) promptly after any Charged Account becomes charged pursuant to this Debenture, deliver to each bank which maintains such Charged Account a duly completed Notice in respect of each Charged Account in the relevant form set out in Schedule 2 (Forms of Notice and Acknowledgement) (as applicable) or in such other form as the UK Security Trustee may approve (acting reasonably);
  - (ii) use reasonable endeavours to procure the prompt delivery to the UK Security Trustee of a duly completed Acknowledgement in respect of any Notice delivered pursuant to paragraph (a) above in the relevant form set out in Schedule 2 (as applicable) or in such other form as the UK Security Trustee may approve; and
  - (iii) not without the prior written consent of the UK Security Trustee, permit or agree to any variation of the rights attaching to, or close, any Charged Account, the result of which is materially prejudicial to the Secured Parties,
- (b) The Borrower authorises the UK Security Trustee (where it is the bank with whom such Charged Account is maintained) to endorse any statement in relation to any Charged Account or other document relating to any Charged Account with a statement to the effect that:
- (i) the benefit of such Charged Account is not capable of assignment or charge without the prior written consent of the UK Security Trustee;

- (ii) the Borrower has agreed not to assign, charge or otherwise deal with the indebtedness evidenced by such Charged Account without the prior written consent of the UK Security Trustee; and
- (iii) the benefit of such Charged Account is subject to a first fixed charge in favour of the UK Security Trustee as security trustee for the Secured Parties.

### **8.3 Withdrawals**

- (a) Until the Security has become enforceable, the Borrower shall be entitled to receive, withdraw or otherwise transfer any credit balance from time to time on any Account in the ordinary course of business or in respect of a receipt, withdrawal or transfer entered into in compliance with the terms of the Credit Agreement.
- (b) After the Security has become enforceable:
  - (i) the Borrower shall not be entitled to receive, withdraw or otherwise transfer any credit balance from time to time on any Charged Account except with the prior written consent of the UK Security Trustee; and
  - (ii) the UK Security Trustee may exercise from time to time, all rights, powers and remedies of the Borrower in relation to any or all of its Accounts, including to demand and receive all and any monies standing to the credit of any such Accounts.

## **9 MONETARY CLAIMS**

### **9.1 Dealing with Monetary Claims**

Save as permitted (or not prohibited) by the Credit Agreement, the Borrower shall not enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to release, sell, transfer, assign, factor, discount or otherwise deal in any way with any of the Monetary Claims.

### **9.2 Monetary Claims before Security becomes Enforceable**

Prior to the Security becoming enforceable, the proceeds of the realisation of the Monetary Claims received by the Borrower shall, upon such proceeds being credited to a Charged Account, be released from the fixed charge created by clause 3 (Fixed charges) and only be subject to the floating charge created by clause 4 (Floating charge) and the Borrower may withdraw such proceeds from such Charged Accounts and shall be free to deal with such moneys or proceeds in the ordinary course of business, subject to any applicable restrictions set out in the Credit Agreement and this Debenture.

### **9.3 Monetary Claims after Security becomes Enforceable**

If and to the extent that the UK Security Trustee so specifies, at any time after the Security has become enforceable, the Borrower shall pay the proceeds of payment or realisation of such of the Borrower's Monetary Claims or other monies received by the Borrower as the UK Security Trustee may require into such Collateral Account(s)

as the UK Security Trustee may from time to time specify and pending such payment shall hold all such receipts on trust for the UK Security Trustee.

## **10 SHARES**

### **10.1 Deposit of Certificates**

The Borrower will:

- (a) on the date required by Schedule 8.1.1 of the Credit Agreement in respect of the Shares specified in Schedule 1 (Details of Certain Assets), and on the date of acquisition in respect of any additional Shares deliver to the UK Security Trustee (i) the share certificates and (ii) stock transfer forms (duly executed in blank by or on behalf of the Borrower or its nominee as appropriate); and
- (b) on the date of this Debenture, or if later, on the date of acquisition of any Share:
  - (i) deposit with the UK Security Trustee (or as the UK Security Trustee may direct) all other certificates and documents of title or evidence of ownership in relation to such Shares and any Related Rights; and
  - (ii) execute and deliver to the UK Security Trustee all such other transfer forms and documents as may be requested by the UK Security Trustee in order to enable the UK Security Trustee (or its nominee) to become registered as the owner, or otherwise obtain legal title to such Shares and Related Rights.

### **10.2 Not Prejudice**

The Borrower shall not, by the exercise of any voting rights or otherwise, permit or agree to:

- (a) any variation of the rights attaching to or conferred by all or any part of its Shares, or
- (b) any increase in the issued share capital of any company whose shares are charged pursuant to this Debenture; or
- (c) any other matter,

in each case which would, or would be reasonably likely to, impair the value of, or prejudice the ability of the UK Security Trustee to realise, the Security or otherwise prejudice the interests of any Secured Party under any Loan Document.

### **10.3 Calls and other Payments**

The Borrower shall pay when due all calls or other requests for payments made in respect of any of its Shares and the Related Rights but if the Borrower fails to make any such payment, the UK Security Trustee may (but shall not be obliged to) make such payment on behalf of the Borrower and if the UK Security Trustee does so, the

Borrower shall promptly on demand of the UK Security Trustee pay to the UK Security Trustee an amount equal to such payment.

#### **10.4 Notices**

The Borrower shall, promptly upon receipt by it, deliver to the UK Security Trustee copies of any notices, reports, accounts, statements, circulars or any other documents relating to any of its Shares or the Related Rights.

#### **10.5 Rights Before Security Enforceable**

Unless and until the Security has become enforceable, the Borrower shall continue to be entitled:

- (a) to receive and retain all dividends, interest and other monies arising from the Shares and the Related Rights; and
- (b) subject to clause 10.2 (Not Prejudice), to exercise all voting rights in relation to the Shares.

#### **10.6 Rights after Security Enforceable**

At any time after the Security has become enforceable, the UK Security Trustee may at its discretion (in the name of the Borrower or otherwise and without any further consent or authority from the Borrower):

- (a) complete all stock transfer forms and other documents of title then held by the UK Security Trustee pursuant to this Debenture in the name of the UK Security Trustee (or its nominee) and the Borrower shall co-operate with the UK Security Trustee to secure the prompt registration of such transfer and the prompt issue of a new certificate or certificates for the relevant Shares in the name of the UK Security Trustee (or its nominee);
- (b) exercise (or refrain from exercising) any voting rights in respect of any of the Borrower's Shares and all other powers and rights conferred on or exercisable by a legal or beneficial owner of the Shares;
- (c) apply all dividends, interest and other monies arising from or pursuant to the Borrower's Shares as if they were proceeds of sale under this Debenture; and
- (d) exercise or refrain from exercising the rights of a legal owner of the Shares, including the right, in relation to any company whose shares or other securities are included in the Shares, to concur or participate in:
  - (i) the reconstruction, amalgamation, sale or other disposal of such company or any of its assets or undertaking (including the exchange, conversion or reissue of any shares or securities as a consequence thereof);
  - (ii) the realisation, modification or variation of any rights or liabilities attaching to any such shares or securities; and

(iii) the exercise, renunciation or assignment of any right to subscribe for any such shares or securities,

in each case in such manner and on such terms as the UK Security Trustee may think fit.

## **11 INTELLECTUAL PROPERTY**

### **11.1 Notification**

The Borrower will promptly notify the UK Security Trustee of:

- (a) details of all Registered Intellectual Property (including applications for registration) granted to or filed by or on behalf of the Borrower that come into existence after the date of this Debenture; and
- (b) any existing or future contract for it to acquire (by licence or otherwise) any Intellectual Property.

### **11.2 Protection**

The Borrower will:

- (a) make such applications for patents and for registration of designs, trade marks or service marks and pay such application, search, translation, registration and renewal fees, and similar amounts as are necessary fully to protect and to keep in force all of its Intellectual Property; and
- (b) take reasonable steps (including, without limitation, the institution of legal proceedings) to prevent third parties infringing any of its Intellectual Property.

### **11.3 Not Prejudice**

Other than as permitted by the Credit Agreement, the Borrower will not without the prior written consent of the UK Security Trustee:

- (a) sell, assign, transfer, license, mortgage or otherwise dispose of or encumber all or any part of its Intellectual Property; or
- (b) permit any such Intellectual Property to be abandoned or cancelled, to lapse or to be liable to any claim of revocation for non-use or otherwise.

### **11.4 Registration**

In respect of (a) the Registered Intellectual Property specified in Schedule 1 (Details of Certain Assets) and (b) any future Registered Intellectual Property granted to the Borrower at any time after the date of this Debenture, in each case, against which this Debenture may be recorded, the Borrower shall promptly file with the patent or other intellectual property office in the jurisdiction where such Registered Intellectual Property is registered or has been applied for such form (together with the payment of any required fee) as is necessary properly to register the existence of this Debenture and the rights and interests created by it within any applicable time periods. For the avoidance of doubt, all costs incurred by either the Borrower or the



UK Security Trustee (including but not limited to official fees and legal fees) in connection with such registrations and recordings shall be borne by the Borrower.

## **12 FURTHER ASSURANCE**

The Borrower shall from time to time and at its own expense, give all such assurances and do all such things as the UK Security Trustee may reasonably require or consider desirable to enable the UK Security Trustee to perfect, preserve or protect the Security or the priority of the Security or to exercise any of the rights conferred on the UK Security Trustee or the Secured Parties by this Debenture or by law and to that intent the Borrower shall execute all such instruments, deeds and agreements, obtain all consents, approvals and other authorisations necessary to create legally and validly, without any breach of contract or duty, the fixed charges envisaged under clause 3 (Fixed Charges), and shall give all such notices and directions as the UK Security Trustee may consider expedient.

## **13 POWER TO REMEDY**

Without prejudice to the UK Security Trustee's rights under clause 7 (General Undertakings), if the Borrower fails to comply with any of its obligations in relation to any of its assets under this Debenture the UK Security Trustee may, if it thinks fit (but without any obligation) take such steps as it deems appropriate to remedy such failure (including, without limitation, the payment of costs, charges or other expenses) and the Borrower will co-operate with and will grant the UK Security Trustee or its agents or contractors such access as the UK Security Trustee may require to the relevant assets or otherwise in order to facilitate the taking of such steps.

## **14 ENFORCEMENT OF SECURITY**

### **14.1 Security Enforceable**

The Security shall become immediately enforceable:

- (a) if an Event of Default (including, but not limited to, any event listed in paragraphs (b) to (e) below) has occurred and is continuing;
- (b) after a proposal has been made for a voluntary arrangement (save where any moratorium under the Insolvency Act 2000 is applied for or is in force, when no demand shall be made until any application is rejected or upon the expiry of such moratorium) in respect of any Loan Party or other member of the Group;
- (c) if the Borrower requests the UK Security Trustee to appoint an administrator pursuant to Schedule B1 of the Insolvency Act or a Receiver;
- (d) if so requested by the Borrower; or
- (e) any corporate action or other steps are taken or legal proceedings are started by or in respect of in respect of any Loan Party or other member of the Group with a view to the appointment of an administrator pursuant to Schedule B1 of the Insolvency Act.

### **14.2 Enforcement**

At any time after the Security has become enforceable, the UK Security Trustee may in its absolute discretion enforce all or any part of the Security and exercise any of the rights conferred on it by this Debenture, the Credit Agreement or by law at such times and in such manner as it thinks fit.

#### **14.3 Rights of the Borrower on Enforcement**

Upon the Security becoming enforceable, the Borrower may not, without the prior written consent of the UK Security Trustee, withdraw any monies from any Charged Account, compromise, compound, vary, discharge, postpone or release any of its rights to receive Monetary Claims or any other monies or otherwise waive any rights of action in relation thereto or do or omit to do anything which may delay or prejudice the full recovery thereof other than, save to the extent the UK Security Trustee otherwise instructs the Borrower in writing, (i) granting extensions to normal trade credit in accordance with its reasonable and (ii) in the circumstances then prevailing, prudent management of its debtors on a normal commercial basis.

#### **14.4 Power of Sale**

At any time after the Security has become enforceable, the UK Security Trustee may (without notice to the Borrower) sell or otherwise dispose of the Secured Assets or any of them and shall be entitled to apply the proceeds of such sale or other disposal in paying the costs of such sale or disposal and thereafter in or towards the discharge of the Secured Obligations or otherwise as provided for in this Debenture.

#### **14.5 Statutory Powers**

For the purposes of all powers implied by statute, the Secured Obligations shall be deemed to have become due and payable on the date of this Debenture.

#### **14.6 Law of Property Act**

Sections 93 and 103 of the Law of Property Act shall not apply to this Debenture or to any exercise by the UK Security Trustee of its right to consolidate mortgages or its power of sale. The statutory powers of leasing conferred on the UK Security Trustee shall be extended so as to authorise the UK Security Trustee to lease, make agreements for leases, accept surrenders of leases and grant such options as the Agent shall think fit and without the need to comply with any of the provisions of Sections 99 and 100 of the Law of Property Act, and clause 14.2 (Enforcement) shall operate as a variation and extension of Section 101 of such Act.

#### **14.7 Appropriation of Financial Collateral**

To the extent that the Secured Assets constitute "financial collateral" and this Debenture constitutes a "security financial collateral arrangement" (as defined in the Financial Collateral Arrangements (No.2) Regulations 2003 (SI 2003 No. 3226)), the UK Security Trustee may appropriate all or any part of the Secured Assets in or towards satisfaction of the Secured Obligations, the value of the property so appropriated being the amount standing to the credit of the relevant Account (where the property is the benefit of an Account) or (in any other case) such amount as the UK Security Trustee shall determine in a commercially reasonable manner.

### **15 ADMINISTRATORS AND RECEIVERS**

### **15.1 Appointment of Administrator**

At any time after the Security has become enforceable, the UK Security Trustee may appoint an Administrator.

### **15.2 Appointment of Receivers**

At any time after the Security has become enforceable or if the Borrower requests it to do so, the UK Security Trustee may, by written instrument and without notice to the Borrower, appoint any one or more persons as Receiver of such part of the Secured Assets as may be permitted by law.

### **15.3 Status of Receivers**

Each Receiver shall:

- (a) be entitled to act individually as well as jointly with any other person appointed as Receiver; and
- (b) for all purposes be deemed to be the agent of the Borrower (and no Receiver shall at any time act as agent for the UK Security Trustee) and shall as such agent be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the Law of Property Act.

### **15.4 Powers of a Receiver**

- (a) Every Receiver appointed pursuant to clause 15.2 (Appointment of Receivers) shall have and be entitled to exercise all of the powers set out in paragraph (b) below in addition to (i) all the powers conferred by the Law of Property Act (as extended by this Debenture) on any receiver appointed under such Act and (ii) (whether or not such Receiver is an administrative receiver) all the powers of an administrative receiver set out in Schedule 1 to the Insolvency Act.
- (b) The powers referred to in the first sentence of paragraph (a) above are:
  - (i) to take immediate possession of, get in and collect all or any part of the Secured Assets over which he is appointed;
  - (ii) to carry on the business of the Borrower insofar as it relates to the Secured Assets over which he is appointed as it may think fit, including the entering into of contracts and the repudiation, rescission or variation of any contract to which the Borrower is a party, and the acquisition or hiring of assets;
  - (iii) to make and effect all repairs and insurances and do all other acts which the Borrower might do in the ordinary course of its business or is obliged to do under the terms of this Debenture whether for the protection or for the improvement of the Secured Assets over which he is appointed as he may in his absolute discretion think fit;
  - (iv) to appoint, discharge and vary the terms of employment or other engagement of managers, officers, agents, accountants, servants,

workmen and others for the purposes of this Debenture upon such terms as to remuneration or otherwise as it may think proper;

- (v) for the purpose of exercising any of the powers, authorities and discretions conferred on it by or pursuant to this Debenture and/or of defraying any costs, charges, losses or expenses (including remuneration) which shall be incurred by it in the exercise thereof or for any other purpose, to raise and borrow money either unsecured or on the security of all or any part of the Secured Assets over which he is appointed either in priority to the Security or otherwise and generally on such terms and conditions as it may think fit and no person lending such money shall be concerned to enquire as to the propriety or purpose of the exercise of such power or to see to the application of any money so raised or borrowed;
- (vi) to sell, lease, exchange, grant options or licences over, convert into money and realise or otherwise deal with, all or any part of the Secured Assets over which he is appointed by public auction or private contract and generally in such manner and on such terms as it shall think proper. Without prejudice to the generality of the foregoing, it may do any of these things for a consideration consisting of cash, debentures or other obligations, shares, stock or other valuable consideration and any such consideration may be payable in a lump sum or by instalments spread over such period as it may think fit;
- (vii) to settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person who is or claims to be a creditor of the Borrower or relating in any way to the Secured Assets over which he is appointed or any part thereof;
- (viii) to bring, prosecute, enforce, defend and abandon any actions, suits and proceedings in relation to the Secured Assets over which he is appointed or any part thereof as may seem to it to be expedient;
- (ix) to give valid receipts for all moneys and execute all assurances and things which it may think proper or desirable for realising the Secured Assets over which he is appointed;
- (x) to form a Subsidiary or Subsidiaries of the Borrower (whether by acquisition or otherwise) and to supervise and manage the same and to transfer or otherwise dispose to any such Subsidiary all or any part of the Secured Assets over which he is appointed;
- (xi) to make or require the directors of the Borrower to make calls upon the holders of share capital in the Borrower and to enforce payment of any unpaid calls as it sees fit;
- (xii) to enter into or otherwise grant guarantees, indemnities or otherwise incur obligations in respect of the liabilities of third parties and to make payments due in relation to the same; and

- (xiii) to do all such other acts and things as it may consider desirable or necessary for realising all or any part of the Secured Assets over which he is appointed or incidental or conducive to any of the matters, powers or authorities conferred on a Receiver under or by virtue of this Debenture; to exercise in relation to all or any part of the Secured Assets over which he is appointed all such powers, authorities and things as it would be capable of exercising if it were the absolute beneficial owner of the same; and to use the name of the Borrower for all or any of such purposes.

#### **15.5 Removal and Remuneration**

- (a) The UK Security Trustee may whenever it may deem it expedient (and so far as it is lawfully able), by written instrument (i) remove any Receiver appointed by it and (ii) appoint a new Receiver in the place of any Receiver whose appointment has been terminated and may from time to time fix the remuneration of any Receiver appointed by it without the limitations imposed by Section 109 of the Law of Property Act.
- (b) The Borrower shall be solely responsible for the payment of the remuneration of any Receiver appointed pursuant to this Debenture, including for costs, charges and expenses of the Receiver (other than those caused by the Receiver's gross negligence, wilful misconduct or bad faith).

#### **15.6 UK Security Trustee's Rights**

To the fullest extent permitted by law, all or any of the powers, authorities and discretions which are conferred by this Debenture (either expressly or impliedly) upon a Receiver in respect of the Secured Assets may, after the Security has become enforceable, be exercised by the UK Security Trustee in relation to the whole or any part of the Secured Assets irrespective of whether or not a Receiver of all or any part of such Secured Assets has been appointed.

#### **16 APPLICATION OF PROCEEDS**

Any moneys held or received by the UK Security Trustee or by any Receiver under or pursuant to this Debenture shall (subject to the claims of any person having prior rights thereto and by way of variation of the provisions of the Law of Property Act) be applied by the UK Security Trustee or by such Receiver in accordance with the terms of the Credit Agreement.

#### **17 POWER OF ATTORNEY**

##### **17.1 Appointment**

By way of security for the performance of its obligations under this Debenture, the Borrower irrevocably appoints the UK Security Trustee and any Receiver (and their respective delegates and sub-delegates) to be its attorney acting severally (or jointly with any other such attorney or attorneys) and on its behalf and in its name or otherwise, at such time and in such matter as the attorney thinks fit:

- (a) to do any and every thing which the Borrower is obliged to do under the terms of this Debenture but following the expiry of any time period for performance, has failed to do by the date it was obliged to do so; or
- (b) which such attorney considers necessary or desirable in order to exercise the rights conferred on it by or pursuant to this Debenture or by law.

## **17.2 Ratification**

The Borrower ratifies and confirms and agrees to ratify and confirm whatever any attorney appointed under this Debenture shall do in its capacity as such.

## **18 PROTECTION OF UK SECURITY TRUSTEE AND RECEIVERS**

### **18.1 No Liability as Mortgagee in Possession**

Neither the UK Security Trustee nor any Receiver shall, by reason of it or such Receiver entering into possession of all or any part of the Secured Assets or taking any action permitted by this Debenture, be liable to account as mortgagee in possession or otherwise be liable for any loss of any kind or for any default or omission for which a mortgagee in possession might be liable.

### **18.2 Receivers and Mortgagees**

Each Receiver and the UK Security Trustee shall be entitled to all the rights, powers, privileges and immunities conferred by the Law of Property Act (as extended by this Debenture) on mortgagees and receivers when such receivers have been duly appointed thereunder and the Borrower alone shall be responsible for the UK Security Trustee's and each Receiver's contracts, engagements, acts, omissions, defaults and losses and for all liabilities incurred by either of them (unless caused by gross negligence or wilful default of the UK Security Trustee or Receiver) and none of the Secured Parties shall incur any liability therefor (either to the Borrower or to any other person).

## **19 PROTECTION OF THIRD PARTIES**

No purchaser, mortgagee or other person or company dealing with the UK Security Trustee or any Receiver or the agents of any of them shall have any need to enquire whether the Secured Obligations have become due and payable, or whether any power which the UK Security Trustee or any Receiver is purporting to exercise has become exercisable or whether any of the Secured Obligations remains outstanding nor to have regard to the application of any money paid to the UK Security Trustee or to such Receiver.

## **20 DELEGATION BY UK SECURITY TRUSTEE**

The UK Security Trustee may at any time and from time to time delegate by power of attorney or in any other manner to any person or persons all or any of the powers, authorities and discretions which are for the time being exercisable by the UK Security Trustee under this Debenture in relation to all or any part of the Secured Assets. Any such delegation may be made upon such terms (including power to sub- delegate) and subject to such regulations as the UK Security Trustee may think fit. The UK Security Trustee shall not be in any way liable or responsible to the Borrower

for any loss or damage arising from any act, default, omission or misconduct on the part of any such delegate or sub-delegate.

## **21 REDEMPTION OF PRIOR MORTGAGES**

The UK Security Trustee may, at any time after the Security has become enforceable, redeem any prior Lien over all or any part of the Secured Assets or procure the transfer of such Lien to itself and may settle and pass the accounts of the prior mortgagee, chargee or encumbrancer. Any accounts so settled and passed shall be conclusive and binding on the Borrower. All principal moneys, interest, costs, charges and expenses of and incidental to such redemption and transfer shall be paid by the Borrower to the UK Security Trustee on demand.

## **22 RELEASE OF THE SECURITY**

### **22.1 Release of Secured Assets**

After the end of the Security Period, the UK Security Trustee shall, at the request and cost of the Borrower, execute all such documents and do such other things as may be reasonably required to release the Secured Assets from the Security and procure the reassignment to the Borrower of the property and assets assigned to the UK Security Trustee pursuant to this Debenture, in each case subject to clause 28.2 (Potentially Avoided Payments) and without recourse to or any representation or warranty by or from the UK Security Trustee.

### **22.2 Release for Permitted Disposals**

The UK Security Trustee shall release a Secured Asset from the Security if the Borrower is expressly permitted to dispose of such Secured Asset under the Loan Documents provided that any conditions to such disposal and/or release of security stipulated under the Loan Documents have been satisfied.

## **23 PAYMENTS**

### **23.1 No Set-Off**

All payments by the Borrower under this Debenture shall be made free and clear of and without deduction for or on account of any set-off or counterclaim.

### **23.2 Manner of Payment**

Each payment made by the Borrower under this Debenture shall be paid in the manner in which payments are to be made by the Loan Parties under the Credit Agreement.

## **24 COSTS AND EXPENSES**

### **24.1 Preservation and Enforcement Costs**

The Borrower shall, from time to time within five Business Days of demand by the UK Security Trustee, reimburse each Secured Party on a full indemnity basis for all costs and expenses (including reasonable legal fees) incurred in or in connection with the

preservation and/or enforcement of any of the rights of such Secured Party under this Debenture.

## **24.2 Taxes**

Section 5.9 (Taxes) of the Credit Agreement shall apply (as applicable) as if it were set out in full in this Debenture, save that references in that Section to "Loan Party" shall be treated as references to the Borrower and references to "Administrative Agent" shall be treated as references to the UK Security Trustee.

## **24.3 Indemnity**

The Borrower shall indemnify and hold harmless the UK Security Trustee, each other Secured Party, any Receiver and each of their respective officers, employees, agents and delegates (together the "**Indemnified Parties**") for all costs, claims, losses, expenses (including reasonable legal fees) and liabilities, and any VAT thereon incurred by that Indemnified Party (including the reasonable fees, charges and disbursements of any counsel) in connection with:

- (a) the occurrence of an Event of Default;
- (b) the enforcement or protection of its rights in connection with this Debenture; or
- (c) any actual or alleged breach of any Environmental Law in relation to a Secured Asset, not caused by the gross negligence of wilful default of an Indemnified Party.

## **25 ASSIGNMENTS AND TRANSFERS**

### **25.1 The Borrower's Rights**

None of the rights and benefits of the Borrower under this Debenture shall be capable of being assigned or transferred and the Borrower undertakes not to seek to assign or transfer all or any of such rights and benefits.

### **25.2 The UK Security Trustee's Rights**

The UK Security Trustee may assign or transfer all or any of its rights and benefits under this Debenture without the consent of the Borrower.

## **26 REMEDIES AND WAIVERS**

No failure by the UK Security Trustee to exercise, nor any delay by the UK Security Trustee in exercising, any right or remedy under this Debenture shall operate as a waiver thereof nor shall any single or partial exercise of any such right or remedy prevent any further or other exercise thereof or the exercise of any other such right or remedy.

## **27 SET-OFF**

### **27.1 Right to Set-Off**



Each Secured Party may (to the extent that the same is beneficially owned by it), but shall not be obliged to, set off its rights in respect of any matured Secured Obligation against any matured obligation owed by such Secured Party to any Loan Party, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, such Secured Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of effecting such set-off pursuant to the terms of the Credit Agreement.

## **27.2 Time Deposits**

Without prejudice to clause 27.1 (Right to Set-Off), if any time deposit matures on any Account the Borrower has with any Secured Party at a time within the Security Period when:

- (a) the Security has become enforceable; and
- (b) no amount of the Secured Obligations is due and payable,

such time deposit shall automatically be renewed for such further period as such Secured Party in its absolute discretion considers appropriate.

## **28 ADDITIONAL PROVISIONS**

### **28.1 Partial Invalidity**

If at any time any provision of this Debenture is or becomes illegal, invalid or unenforceable in any respect or any or all of the Security is or becomes ineffective in any respect under the law of any jurisdiction, such illegality, invalidity, unenforceability or ineffectiveness shall not affect:

- (a) the legality, validity or enforceability of the remaining provisions of this Debenture or the effectiveness in any other respect of such Security; or
- (b) the legality, validity or enforceability of such provision or the effectiveness of such Security under the laws of any other jurisdiction.

### **28.2 Potentially Avoided Payments**

If the UK Security Trustee determines that an amount paid to a Secured Party under any Loan Document is capable of being avoided, reduced or otherwise set aside on the liquidation or administration of the person by whom such amount was paid, then for the purposes of this Debenture, such amount shall be regarded as not having been paid and the liability of the Borrower under this Debenture and the Security shall continue.

### **28.3 Rights Cumulative**

The rights and remedies provided by this Debenture are cumulative and not exclusive of any rights or remedies provided by law.

### **28.4 Unfettered Discretion**

Any liberty or power which may be exercised or any determination which may be made under this Debenture by the UK Security Trustee or any Receiver may, subject to the terms and conditions of the Credit Agreement, be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

## **29 NOTICES; EFFECTIVENESS; ELECTRONIC COMMUNICATION**

### **29.1 Notices Generally**

- (a) Except as provided in clause 29.2 (Electronic Communications), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier its address set forth on the signature pages below.
- (b) Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in clause 29.2 (Electronic Communications), shall be effective as provided in that clause.

**29.2 Electronic Communications** The UK Security Trustee or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Unless the UK Security Trustee otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

**29.3 Change of Address, Etc.** Any party hereto may change its address, e-mail address or telecopier number for notices and other communications hereunder by notice to the other parties hereto.

## **30 GOVERNING LAW**

This Debenture shall be governed by, and construed in accordance with, English law.

## **31 ENFORCEMENT AND JURISDICTION**

### **31.1 Submission to jurisdiction of courts of England**

The Borrower irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of England in any action or proceeding arising out of or relating to this Debenture, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such English court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

### **31.2 Submission to jurisdiction of courts of New York**

The Borrower irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Debenture, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York state court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

### **31.3 Other jurisdictions**

Nothing in this Debenture shall affect any right that the UK Security Trustee, any Secured Party may otherwise have to bring any action or proceeding relating to this Debenture or any other Loan Document against the Borrower or any other Loan Party or its properties in the courts of any jurisdiction.

### **31.4 Waiver of venue**

The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Debenture or any other Loan Document in any court referred to in this clause 31 (Enforcement And Jurisdiction). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court and agrees not assert any such defense.

**31.5 Service of process** Each party hereto irrevocably consents to service of process in the manner provided for notices in clause 29 (Notices; Effectiveness; Electronic Communication). Nothing in this Debenture will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

**31.6 Waiver of jury trial** Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Debenture or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory). Each party hereto (a) certifies that no representative, administrative agent or attorney of any other person has represented, expressly or otherwise, that such other person would not, in the event of litigation, seek to enforce the foregoing

waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Debenture and the other Loan Documents by, among other things, the mutual waivers and certifications in this section.

## **32 COUNTERPARTS AND EFFECTIVENESS**

### **32.1 Counterparts**

This Debenture may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Debenture. Transmission of an executed counterpart of this letter by fax or e-mail shall constitute effective delivery of that counterpart.

### **32.2 Effectiveness**

This Debenture is intended to be a deed even if any party's execution is not in accordance with the formalities required for the execution of deeds. This Debenture shall take effect and be delivered as a deed on the date on which it is stated to be made.

**This document has been executed as a deed by the Borrower and has been signed on behalf of the UK Security Trustee and is delivered and takes effect on the date stated at the beginning of it**

**SCHEDULE 1**

**Details of Certain Assets**

**Part 1**

**Registered Intellectual Property**

None at the date of this Debenture

**Part 2**

**Shares**

<b>Company Name and Number</b>	<b>Share Type</b>	<b>Number of Shares</b>	<b>Share Certificate Number</b>
Ferroglobe Services (UK) Ltd	Ordinary £1 shares	100	1

**Part 3**

**Charged Accounts**

<b>Account Number</b>	<b>Account Name</b>	<b>Account Maintained With</b>
GB 08 DEUT 405081 15470500	FERROGLOBE PLC	DEUTSCHE BANK LONDON
GB 78 DEUT 405081 15470501	FERROGLOBE PLC	DEUTSCHE BANK LONDON
GB 51 DEUT 405081 15470502	FERROGLOBE PLC	DEUTSCHE BANK LONDON
GB 24 DEUT 405081 15470503	FERROGLOBE PLC	DEUTSCHE BANK LONDON
GB28BNPA40638485752048	FERROGLOBE PLC	BNP PARIBAS LONDON
GB29BNPA40638485752030	FERROGLOBE PLC	BNP PARIBAS LONDON
GB51BNPA40638485752022	FERROGLOBE PLC	BNP PARIBAS LONDON
GB73BNPA40638485752014	FERROGLOBE PLC	BNP PARIBAS LONDON
GB97ABBY09071500041556	FERROGLOBE PLC	SANTANDER LONDON
GB74ABBY09022210489033	FERROGLOBE PLC	SANTANDER LONDON
GB37ABBY09071500041569	FERROGLOBE PLC	SANTANDER LONDON
GB60ABBY09071500041543	FERROGLOBE PLC	SANTANDER LONDON
1069898642	FERROGLOBE PLC	PNC BANK, NATIONAL ASSOCIATION

## SCHEDULE 2

### Forms of Notice and Acknowledgement

#### Part 1

#### Part 1A

#### Form of Notice to Bank with whom Account Maintained

To: [Account Bank]

Dear Sirs

- 1 We hereby give you notice that pursuant to a Debenture dated [ ] we have charged (by way of first fixed charge) in favour of [ ] (as security trustee for the Secured Parties referred to in the Debenture, the "**UK Security Trustee**") all of our rights, title, interests and benefits in, to or in respect of account number [ ], account name [ ] maintained with you (including any renewal or redesignation thereof) (the "**Account**") and all monies standing to the credit of that Account from time to time.
- 2 The Borrower hereby irrevocably and unconditionally instructs and authorises you:
  - (a) to disclose to the UK Security Trustee any information relating to the Account which the UK Security Trustee requests you to disclose;
  - (b) to pay or to release any moneys standing to the credit of the Account, in accordance with any instructions which you receive from the UK Security Trustee;
  - (c) following notice from the UK Security Trustee that the Security created under the Debenture has become enforceable, not to permit any withdrawal of any moneys standing to the credit of the Account, without the prior written consent of the UK Security Trustee and to hold all such moneys to the order of the UK Security Trustee; and
  - (d) to comply with the terms of any written notices or instructions relating to the Debenture and/or the Account and the debts represented by them which you receive from the UK Security Trustee.
- 3 The UK Security Trustee hereby confirms that it consents to the following transactions in relation to the Accounts:
  - (a) you may collect and pay to the credit of any Account the proceeds of credits for the account of the Borrower;
  - (b) you may make payments to third parties or to other Accounts in the name of the Borrower on the instructions of the Borrower and debit the amounts involved to any Accounts; and



(c) you may debit to any Account amounts due to you from the Borrower for operating such account.

4 The UK Security Trustee may, by notice to you, amend or withdraw the consents given in paragraph 3 above.

5 The instructions and authorisations which are contained in this letter shall remain in full force and effect until the Borrower and the UK Security Trustee together give you notice in writing revoking or amending them. You may comply with the instructions contained in this letter without further authority from the Borrower.

6 The instructions and authorisations in this letter supersede any instructions and authorisations to the contrary given to you by or on behalf of any Borrower.

7 This letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

8 Please acknowledge your acceptance of the instructions and authorisations contained in this notice by signing the attached Form of Acknowledgement and returning it to the UK Security Trustee at [ ] copied to us.

Yours faithfully

.....

for and on behalf of

**[BORROWER]**

**Part 1B**

**Form of Acknowledgement**

*[To be printed only on copy of the Notice of Security given]*

To: [ ]

as UK Security Trustee  
[Address]

Attention:

Dear Sirs

We hereby acknowledge receipt of the notice (a copy of which is attached hereto (the "**Notice**")) dated [ ] and addressed to us by you regarding the Account. Terms defined in the Notice shall have the same meanings when used in this letter. We hereby confirm that we:

- 1 accept the instructions and authorisations contained in the Notice and agree to comply with the terms thereof;
- 2 do not have, and will not make or exercise, any claims or demands, any rights of counterclaim, Security, rights of combination, consolidation or set-off or rights against the Borrower in respect of the Account and/or the debts represented by them, or unless otherwise permitted by the Notice;
- 3 have not received notice of any interest of any third party in any Account and/or the debts represented by them and to our knowledge there are no restrictions on the creation of Security over the Account pursuant to the Debenture; and
- 4 shall not permit any amount to be withdrawn from any Account save as permitted by the Notice or with your prior written consent.

We agree that, in the event that we become aware at any time that any person other than yourselves has or will have any right or interest in the Accounts and/or the debts represented by them, we will promptly notify you.

The only Account(s) maintained with us is/are the Account(s) referred to in the Notice.

This letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

Yours faithfully

.....

For and on behalf of [ ] ]

By:

Date

**SIGNATURES**

**The Borrower**

**EXECUTED** as a deed by

,a director

for and on behalf of FERROGLOBE PLC

in the presence of:

**Witness**

Signature :

Name :

Occupation :

Address :

**Notices**

Address: London Office | 2nd Floor West Wing, Lansdowne House, 57 Berkeley Square, London, W1J 6ER, UK

Phone: +44 203 129 2420

Email: oscar.robles@ferroglobe.com and dorcas.murray@ferroglobe.com

Attention: Oscar Robles Alvarez and Dorcas Murray

**PNC BANK, NATIONAL ASSOCIATION**

By: \_\_\_\_\_

Name: Mahir J. Desai

Title: Vice President

**Notices**

Address: PNC Bank, National Association, as Administrative Agent  
Fourth Floor  
500 First Avenue, MS P7-PFSC-04-I  
Pittsburgh, PA 15219

Fax: (001) 412 705 2400

Attention: Agency Services Loan Administration

**EXHIBIT 1.1(S)(3)**

**SPANISH SECURITY AGREEMENT**  
**[See attached]**

---

Date/Fecha

---

2018

[]

Como Pignorante/as Pledgor

**PNC BANK, NATIONAL ASSOCIATION**  
Como Agente de Garantías/ as Security Agent

[]

Como Entidades Acreditantes/ as Secured Parties

[]

Como la Sociedad/ as the Company

---

**CONTRATO DE PRENDA SOBRE PARTICIPACIONES/  
QUOTAS PLEDGE AGREEMENT**

---



Squire Patton Boggs (UK) LLP  
Plaza Marqués de Salamanca, 3-4  
28006 Madrid  
Spain

---





**Y DE OTRA PARTE,**

[ ], sociedad existente y válidamente constituida de conformidad con las leyes de España, con domicilio en [ ], inscrita en el Registro Mercantil de [ ], y con número de identificación fiscal (N.I.F.) [ ], en vigor (“[ ]”). Actúa en su nombre y representación [ ], mayor de edad, de nacionalidad española, con documento nacional de identidad español (D.N.I.) número [ ], en vigor, debidamente facultado para este acto en su calidad de [ ], en virtud de la escritura pública otorgada ante el Notario de [ ] [ ] de fecha [ ] de [ ] de [ ], con número [ ] de su protocolo. En lo sucesivo, [ ] será denominado como la “**Sociedad**”<sup>1</sup>.

Asimismo, el Pignorante, la Sociedad y las Partes Garantizadas serán denominados, conjuntamente, como las “**Partes**”.

Las Partes se reconocen mutuamente la capacidad legal necesaria para la suscripción del presente acuerdo y, a tal efecto,

**EXPONEN**

I. Que, con fecha de [ ] de [ ] de 2018, PNC en su calidad de Entidad Acreditante y Agente de Garantías, las Entidades Acreditantes, Ferroglobe PLC como acreditada (la “**Acreditada**”), Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. y FerroPem, S.A.S. en calidad de garantes (los “**Garantes**” y conjuntamente con la Acreditada, las “**Partes Financieras**”) entre otros, han suscrito un contrato de financiación (*Credit Agreement*) por importe máximo de USD 250.000.000, sujeto a la legislación del estado de Nueva York, Estados Unidos de América (en adelante, tal y como sea novado, modificado o suplementado en cada momento, el “**Contrato de Financiación**”), en virtud del cual se han concedido diversas facilidades crediticias a la Acreditada. El Contrato de Financiación fue elevado a público con fecha [ ], de 2018, ante el Notario [ ], con número [ ] de su protocolo.

**AND ON THE OTHER HAND,**

[ ], a company duly incorporated pursuant to the laws of Spain, with registered office located at [ ], registered with Commercial Registry of [ ], and with tax identification number (N.I.F.) [ ], in force (“[ ]”). It is duly represented by [ ], of legal age, Spanish nationality, with Spanish ID (D.N.I.) number [ ], in force, duly empowered for these purposes in his capacity as [ ], by virtue of the public deed granted before the Notary of [ ] [ ] dated on [ ] [ ] [ ], with number [ ] of his records. Hereinafter, [ ] will be referred to as the “**Company**”.

Likewise, the Pledgor, the Company and the Secured Parties shall be jointly referred to as the “**Parties**”.

The Parties mutually acknowledge that they have sufficient legal capacity to enter into this agreement and, to this effect,

**RECITALS**

I. Whereas, on [ ] [ ], 2018, PNC as Lender and Security Agent, the Lenders, Ferroglobe PLC as borrower (the “**Borrower**”), Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. and FerroPem, S.A.S. as guarantors (the “**Guarantors**” and together with the Borrower the “**Loan Parties**”), among others, have entered into a credit facility agreement up to the maximum amount of USD 250,000,000, under the laws of the state of New York, United States of America (hereinafter, as it may be amended, novated or supplemented from time to time, the “**Credit Agreement**”) under which certain credit facilities have been granted to the Borrower. The Credit Agreement was raised into public deed on [ ] [ ] 2018, before the Notary public [ ], with number [ ] of his records.

---

<sup>1</sup> Determinadas sociedades filiales de los Garantes no comparecerán en la póliza de Prenda sobre Participaciones, y serán notificadas por conducto notarial de la constitución de la Prenda a fin de que anoten la misma en el Libro Registro de Socios.

- II. Que, con fecha [ ] de [ ] de 2018, el Agente de Garantías, Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. y FerroPem, S.A.S., entre otros, han suscrito un contrato de garantía (*Continuing Agreement of Guaranty and Suretyship*), en virtud del cual los Garantes han accedido a garantizar como obligado principal los importes adeudados por la Acreditada bajo el Contrato de Financiación (el “**Contrato de Garantía**”). El Contrato de Garantía fue elevado a público con fecha [ ], de 2018, ante el Notario [ ], con número [ ] de su protocolo.
- III. Que, el Pignorante es titular en pleno dominio de [ ] participaciones sociales de [ ] euro de valor nominal cada una, números de la [ ] a la [ ], ambas inclusive (las “**Participaciones**”) de la Sociedad las cuales se encuentran íntegramente asumidas y desembolsadas, libres de cargas y gravámenes y/o de cualesquiera derechos de terceros. Las Participaciones pertenecen al Pignorante en virtud de [ ].
- IV. Que, el otorgamiento de ciertas garantías, incluyendo la creación de un derecho real de prenda de primer rango sobre las Participaciones de la Sociedad se ha establecido como una condición precedente bajo el Contrato de Financiación.
- V. Que, a tal efecto, con objeto de garantizar el íntegro y puntual cumplimiento de la totalidad de las obligaciones asumidas por las Partes Financieras bajo el Contrato de Financiación y el Contrato de Garantía, el Pignorante está de acuerdo en otorgar una prenda de primer rango sobre la totalidad de las Participaciones de la Sociedad a favor de las Partes Garantizadas (la “**Prenda**”).
- VI. Que, según lo expuesto, las Partes convienen suscribir el presente contrato de prenda (en lo sucesivo, el “**Contrato de Prenda**” o el “**Contrato**”), que se regirá por las siguientes
- II. Whereas, on [ ] [ ], 2018, the Security Agent, Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. and FerroPem, S.A.S, among others, have entered into a continuing agreement of guaranty and suretyship, under which the Guarantors have agreed to secure as primary obligor, the amounts owed by the Borrower under the Credit Agreement (the “**Guaranty Agreement**”). The Guaranty Agreement was raised into public deed on [ ] [ ] 2018, before the Notary public [ ], with number [ ] of his records.
- III. Whereas, the Pledgor owns in full domain [ ] quotas of Euro [ ] par value each, number [ ] to [ ], including both (the “**Quotas**”) of the Company which are fully subscribed and paid, free from any lien, encumbrance or third party right. The Quotas are owned by the Pledgor pursuant to [ ].
- IV. Whereas, the granting of certain security, including the creation of a first ranking pledge over the Company’s Quotas, it has been set out as a condition precedent under the Credit Agreement.
- V. Whereas, to this purpose, as security of the punctual and full performance of all the obligations assumed by the Loan Parties under the Credit Agreement and the Guaranty Agreement, the Pledgor agrees to grant a first ranking pledge over the Quotas of the Company in favor of the Secured Parties (the “**Pledge**”).
- VI. That, in light of the above, the Parties have agreed to execute this pledge agreement (the “**Pledge Agreement**”, or the “**Agreement**”) which will be governed by the following

## CLÁUSULAS

### 1. INTERPRETACIÓN Y DEFINICIONES

Los términos que aparecen en mayúsculas en el presente Contrato tendrán el significado que aquí se establece:

“**Agente de Garantías**” significa PNC Bank, National Association.

“**Contrato de Financiación**” tendrá el significado referido en el Expositivo I anterior.

“**Contrato de Garantía**” significa el Contrato Continuado de Garantía y Afianzamiento referido en el Expositivo II anterior.

“**Documentos de la Financiación**” significa el presente Contrato, el Contrato de Garantía, el Contrato de Financiación, así como cualesquiera otros documentos que noven, clarifiquen, rectifiquen o sustituyan los documentos anteriormente mencionados.

“**Entidades Acreditantes**” significa PNC, [ ], [ ], [ ], [ ], [ ], [ ] y [ ].

“**Obligaciones Garantizadas**” significa todas las obligaciones de pago presentes y futuras adeudadas por la Acreditada o los Garantes a todas o cualquiera de las Partes Garantizadas bajo los Documentos de Financiación, incluyendo (a) en la medida en que surja de conformidad con el Contrato de Financiación o cualquiera de los Documentos de la Financiación, todos y cada uno de los préstamos, anticipos, deudas, responsabilidades y obligaciones, adeudadas a las Partes Garantizadas en cualquier capacidad, de cualquier tipo o naturaleza, presentes o futuros (ya sea en el capital principal, intereses, honorarios, costes, gastos, comisiones, accesorios y otros importes adeudados, evidenciados o no mediante pagare, garantía u otro instrumento, ya sea o no para el pago de dinero), absolutas o contingentes, mancomunados o solidarias, vencidas o próximas a su vencimiento, presentes o surgidas en el futuro, contractuales o perjudiciales, liquidadas o sin liquidar, independientemente de cómo surja dicho endeudamiento o responsabilidad, o si se evidencia por cualquier acuerdo o instrumento, (b) todos y cada uno de los importes vencidos en virtud del Derivado de Cobertura sobre Divisa Extranjera (según este término se define en el Contrato de Financiación) y/o el Derivado del Tipo de Interés (según se define en el Contrato de Financiación) y (c) cualquier cantidad adeudada bajo cualquier otro Producto de Servicios Financieros Otorgado por Otra Entidad Acreditante, todo ello según lo definido en el Contrato de Financiación. Sin perjuicio de cualquier disposición contraria establecida en lo anterior, las Obligaciones Garantizadas no incluirán ningún Pasivo de Cobertura Excluido, tal como se define en el Contrato de Financiación.

## CLAUSES

### 1. DEFINITIONS AND INTERPRETATION

Capitalised terms shall have the meanings as set out herein:

“**Security Agent**” means PNC Bank, National Association.

“**Credit Agreement**” shall have the meaning described in Recital I above.

“**Guaranty Agreement**” means the Continuing Agreement of Guaranty and Suretyship described in Recital II above.

“**Loan Documents**” means this Agreement, the Guaranty Agreement, the Credit Agreement, as well as any other documents that amend, clarify, rectify or replace the aforementioned documents.

“**Lenders**” means PNC [ ], [ ], [ ], [ ], [ ], [ ] and [ ]

“**Secured Obligations**” means all present and future payment obligations and liabilities owed by the Company or the Guarantors to all or any of the Secured Parties under the Loan Documents, including (a) to the extent arising pursuant to or in connection with the Credit Agreement or any other Loan Documents, any and all loans, advances, debts, liabilities and obligations owed to the Secured Parties in any capacity whatsoever, of any kind or nature, present or future (whether in principal, interest, fees, costs, expenses, commissions, accessories and other amounts due, whether or not evidenced by a note, guaranty or other instrument, whether or not for the payment of money), absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, contractual or tortious, liquidated or unliquidated, regardless of how such indebtedness or liabilities arise or whether evidenced by any agreement or instrument, (b) any and all amounts due under any and all Foreign Currency Hedge (as defined in the Credit Agreement) and/or Interest Rate Hedge (as defined in the Credit Agreement) and (c) any amounts due under any Other Lender Provided Financial Service Product, all as further defined in the Credit Agreement. Notwithstanding anything to the contrary contained in the foregoing, the Secured Obligations shall not include any Excluded Hedge Liabilities, as defined in the Credit Agreement.

“**Partes Financieras**” significa Ferroglobe PLC, Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. y FerroPem, S.A.S.

“**Partes Garantizadas**” PNC, [ ], [ ], [ ], [ ], [ ], [ ] y [ ].

“**Supuesto de Ejecución**” significa lo dispuesto en la Cláusula 10.1 siguiente.

“**Supuesto de Incumplimiento**” significa lo dispuesto en la cláusula 9 (*Event of Default*) del Contrato de Financiación.

## 2. CONSTITUCIÓN DE PRENDA DE PRIMER RANGO

2.1 En garantía del íntegro y puntual cumplimiento de las Obligaciones Garantizadas y sin perjuicio de la responsabilidad patrimonial universal del Pignorante prevista en el artículo 1.911 del Código civil que no se entiende limitada en modo alguno por el otorgamiento de la Prenda, el Pignorante constituye un derecho real de prenda de primer rango sobre la totalidad de las Participaciones de la Sociedad a favor de las Partes Garantizadas, que lo aceptan, en garantía del cumplimiento de las Obligaciones Garantizadas. El Agente de Garantías acepta expresamente el derecho real de prenda en su propio nombre y derecho y en nombre y representación de los restantes Partes Garantizadas.

2.2 La Prenda constituida en virtud del presente contrato se constituye como prenda con desplazamiento posesorio de conformidad con los artículos 1.857 y 1.865 del Código Civil, por lo que la Prenda será plenamente eficaz y oponible frente a terceros y frente a la Acreditada y los Garantes desde el momento del otorgamiento de la presente Prenda.

“**Loan Parties**” means Ferroglobe PLC, Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. and FerroPem, S.A.S.

“**Secured Parties**” means PNC [ ], [ ], [ ], [ ], [ ], [ ] and [ ].

“**Enforcement Event**” has the meaning given under Clause 10.1 below.

“**Event of Default**” has the meaning given under clause 9 (*Event of Default*) of the Credit Agreement.

## 2. CREATION OF A FIRST RANKING PLEDGE

2.1 As security of full and timely fulfilment of all the Secured Obligations, and without prejudice to the general liability (responsabilidad patrimonial universal) of the Pledgor under section 1,911 of the Spanish Civil Code, which shall not be limited in any way by the creation of this Pledge, the Pledgor hereby grants a first ranking in rem right of pledge over the all the Quotas of the Company in favor of the Secured Parties, which accept the pledge granted in their favor, as security for the fulfillment of the Secured Obligations. The Security Agent hereby expressly accepts the creation of the in rem right of pledge in its own name and in name and on behalf of the Secured Parties.

2.2 The Pledge created in this document is a pledge with transfer of possession (*prenda con desplazamiento*) under sections 1,857, and 1,865 of the Spanish Civil Code, so that the Pledge will be fully effective and enforceable against third parties and against the Borrower or the Guarantors from the time upon the granting of this Pledge.

### 3. ENTREGA DE LA POSESIÓN

3.1 A los efectos traslativos de la posesión a que se refiere el artículo 1.863 del Código Civil, la Pignorante hace entrega en este acto al Notario que interviene la presente póliza, de los respectivos títulos de propiedad originales de las Participaciones, sobre los cuales el Notario autorizante hace constar la constitución de la Prenda a favor de las Partes Garantizadas y cuyo original es devuelto en este acto por el Notario a la Pignorante, quedando una fotocopia de dichos títulos de propiedad en poder del Agente de Garantías, y unido al presente documento como **Anexo 2**.

Además, la Sociedad, presente en este acto, toma razón y se da por expresamente notificada de los términos y condiciones en que ha quedado constituida la Prenda a favor de las Partes Garantizadas, siendo la Prenda plenamente efectiva desde este momento, a los efectos legales oportunos.

La Sociedad hace entrega en este acto al Agente de Garantías del certificado firmado por el órgano de administración de la Sociedad, con la firma legitimada notarialmente, que acredita la inscripción de la Prenda a favor de las Partes Garantizadas en el Libro Registro de Socios de las Sociedad, conforme al modelo que se adjunta como **Anexo 3**.

### 4. INDIVISIBILIDAD DE LA PRENDA

- 4.1 La Prenda que se constituye a favor de las Partes Garantizadas garantiza el íntegro y total cumplimiento de la totalidad de las Obligaciones Garantizadas.
- 4.2 La Prenda y el ejercicio de la acción real pignoratícia que lleva aparejada se entienden sin perjuicio de las obligaciones que para la Acreditada y los Garantes se derivan de los Documentos de la Financiación, que no se entienden limitadas en modo alguno por la constitución de la Prenda.

### 3. DELIVERY OF POSSESSION

3.1 As regards article 1863 of the Spanish Civil Code, the Pledgor hereby proceeds to deliver in deposit to the Security Agent the Company's Shares certificate representative of the Shares, duly endorsed in guarantee with the intervention of the appearing Notary that includes the relevant notarial statements in the Company's Shares certificate regarding the creation of the Pledge. The Security Agent undertakes to keep and preserve the Company's Shares certificate and to return them back to the Pledgor on the date of the release of this Pledge pursuant to Clause 12 below. A copy of the Company's Shares certificate is attached hereto as **Annex 2**.

Furthermore, the Company present at this act, acknowledges this and considers themselves to be expressly notified of the terms and conditions in which the Pledge has been constituted in favour of the Secured Parties, and the Pledge is fully effective from this time to all appropriate legal effects.

At this act, the Company hands over a certificate signed by the director of the company, with the signature notarised and which verifies the registration of the Pledge in favour of the Secured Parties in the Company's Shareholders Registry, in accordance with the form listed as **Annex 3**.

### 4. INDIVISIBILITY OF THE PLEDGE

- 4.1 The Pledge granted for the benefit of the Secured Parties secures the payment and discharge of all of the Secured Obligations.
- 4.2 The Pledge and the exercise of the pledge enforcement attached will be deemed to be without prejudice to the obligations assumed by the Borrower and the Guarantors under the Loan Documents, which shall not be limited whatsoever by the creation of this Pledge.

4.3 La Prenda tiene el carácter de indivisible. En consecuencia, cada una de las Participaciones de la Sociedad garantiza el íntegro cumplimiento de las Obligaciones Garantizadas. El cumplimiento parcial de las Obligaciones Garantizadas no extinguirá proporcionalmente la Prenda, que sólo se cancelará una vez que hayan sido íntegramente satisfechas la totalidad de las Obligaciones Garantizadas.

## 5. EXTENSIÓN DE LA PRENDA

### 5.1 Sustitución de activos

- (a) La Prenda se extenderá y comprenderá cualesquiera títulos, valores, derechos, activos (materiales o inmateriales), participaciones o fondos que sustituyan, se intercambien o correspondan a cualesquiera de las Participaciones en el caso de fusión, disolución, ampliación o reducción de capital social, conversión o canje, transformación, escisión, redención, o cualesquiera otras circunstancias similares que afecten a la Sociedad o a las Participaciones. Las referencias a las Participaciones objeto de Prenda en este Contrato serán aplicables a cualquiera títulos, valores, activos o fondos que las sustituyan o correspondan en cada momento;
- (b) El Pignorante informará al Agente de Garantías tan pronto como se haya producido cualquiera de las circunstancias mencionadas en el párrafo anterior;
- (c) Sin perjuicio de que la extensión de la Prenda operará de manera automática cuando ocurra cualquiera de las circunstancias descritas anteriormente, el Pignorante se compromete a otorgar cuantos documentos públicos o privados sean necesarios a los efectos de perfeccionar y evidenciar dicha extensión en un plazo de un (1) mes desde el momento en el que tenga lugar cualquiera de las circunstancias anteriores;
- (d) En el supuesto de que la Prenda se extienda a dinero o derechos de crédito convertibles en dinero, el Pignorante se compromete a depositar dichos importes en una cuenta bancaria abierta a nombre del Pignorante en la entidad bancaria designada por el Agente de Garantías o una cuenta ya pignorada a favor del Agente de Garantías o una entidad designada por éste y a otorgar un derecho real de prenda sobre los derechos de crédito derivados de dicha cuenta bancaria a favor de las Partes Garantizadas en garantía de las Obligaciones Garantizadas; y

4.3 This Pledge is granted with an indivisible nature. Consequently, each of the Company Quotas secures the full payment and discharge of all of the Secured Obligations. The partial discharge of the Secured Obligations will not proportionally extinguish the Pledge, which may only be cancelled after the Secured Obligations are discharged in full.

## 5. EXTENSION OF THE PLEDGE

### 5.1 Substitution of assets

- (a) The Pledge shall extend to and comprise any instruments, securities, rights, assets (whether tangible or intangible), quotas or funds which may substitute, be exchangeable for or be attached to any of the Quotas in the event of merger, winding-up, increase or decrease of share capital, conversion or exchange, transformation, spin-off, de-merger, redemption or any other similar circumstances affecting the Company or the Quotas. Any reference made in this Agreement to the Quotas subject to Pledge shall be deemed to include all such instruments, securities, assets or funds that may substitute or be attached to them at any time;
- (b) The Pledgor shall inform the Security Agent as soon as any of the events outlined in the previous paragraph takes place;
- (c) Without prejudice to the extension of the Pledge operating automatically upon the occurrence of any of the events described above, the Pledgor undertakes to execute all such public and/or private documents which may be necessary for the purposes of perfecting and evidencing such extension within one (1) month following the occurrence of any of such events above;
- (d) In the event that the Pledge extends to cash or to credit rights which may be converted into cash, the Pledgor undertakes to deposit such amounts in a bank account in the name of the Pledgor opened with the bank indicated by the Security Agent, or in a bank account which has already been pledged in favor of the Security Agent, or with an entity designated by him and to grant an in rem right of pledge over the credit rights arising from such bank account in favor of the Secured Parties securing the Secured Obligations; and

## 5.2 Aumentos de capital

En el caso de que se produjera un aumento de capital de conformidad con lo previsto en el párrafo anterior, las Partes expresamente acuerdan que:

- (a) El Pignorante se compromete a que las Participaciones pignoradas en favor de las Partes Garantizadas representen en todo momento el [ ]% del capital social de la Sociedad, debiendo en caso de aumento de capital social ejercitar su derecho de asunción preferente sobre cuantas participaciones de nueva creación sean necesarias con el fin de que el porcentaje del Pignorante en el capital social de la Sociedad no se vea reducido;
- (a) El Pignorante no acordará la exclusión del derecho de preferencia en relación con las participaciones que se creen como resultado del aumento de capital;
- (c) El Pignorante deberá ejercitar su derecho de preferencia sobre todas las nuevas participaciones y la Prenda creada por el presente Contrato se extenderá a las nuevas participaciones creadas. A tal efecto, el Pignorante se compromete incondicional e irrevocablemente a pignorarlas a favor de las Partes Garantizadas en los mismos términos y condiciones que las incluidas en este Contrato, observando para ello las formalidades y los plazos incluidos en el párrafo siguiente; y
- (d) Las nuevas participaciones deberán quedar pignoradas en los mismos términos y condiciones establecidos en la presente Prenda, para lo cual el Pignorante se compromete:

- Elevar dicho acuerdo y su ejecución a escritura pública ante el Notario que libremente designen o, en su defecto, ante el designado por el Agente de Garantías, dentro de los quince (15) días hábiles siguientes a la adopción del acuerdo;

## 5.2 Capital increases

Subject to the provisions in the preceding paragraph, in the event of a capital increase of the Company, the Parties expressly agree that

- (a) The Pledgor undertakes that the Quotas pledged in favor of the Secured Parties represent [ ]% of the capital of the Company at all times, having to exercise in case of a capital increase its preemption right in relation to any newly created quotas that may be necessary, so that the percentage of the Pledgor's participation in the share capital of the Company is not reduced;
- (b) The Pledgor shall not resolve to exclude the pre-emption rights in relation to the quotas created as a result of the capital increase;
- (c) The Pledgor shall exercise its pre-emptive right over the newly created quotas and the Pledge created under this Agreement shall extend to the newly created quotas. To that effect, the Pledgor hereby unconditionally and irrevocably undertakes to pledge them in favor of the Secured Parties in the same terms and conditions as those included in this Agreement, complying with the formalities and timeframes set out in paragraph below; and
- (d) The new quotas shall be pledged under the same terms and conditions set out herein, so that the Pledgor undertakes to:

- Formalise the resolution and its execution in a public deed granted before the Notary public that they freely designate or, in its absence, before the Notary public designated by the Security Agent within fifteen (15) business days following the adoption of the resolution;

- Presentar la escritura en el Registro Mercantil correspondiente dentro de los quince (15) días hábiles siguientes a la liquidación de los tributos;
  - Anotar las nuevas participaciones a nombre del Pignorante en el Libro Registro de Socios de la Sociedad dentro de los diez (10) días hábiles siguientes a la inscripción del aumento de capital en el Registro Mercantil competente;
  - Una vez realizadas todas las actuaciones anteriores y dentro de los quince (15) días hábiles siguientes a la anotación de las nuevas participaciones en el Libro Registro de Socios de la Sociedad, el Pignorante y la Sociedad formalizarán la extensión de la Prenda en documento público ante el Notario que libremente designen o, en su defecto, ante el designado por el Agente de Garantías, de forma que las nuevas participaciones queden pignoradas en los mismos términos y condiciones que las del presente Contrato; y
  - La Sociedad se hará cargo en todo momento de los gastos, honorarios, aranceles y tributos correspondientes
- Submit the deed for registration with the relevant Mercantile Registry within fifteen (15) business days following the payment of taxes;
  - Register the new quotas in the name of the Pledgor in the Company's Shareholders Registry within ten (10) business days following the registration with the relevant Mercantile Registry of the share capital increase;
  - Once all the above acts have been carried out, and within fifteen (15) business days following the registration of the new quotas in the Company's Shareholders Registry, the Pledgor and the Company shall formalise the extension of the Pledge in a public document before the Notary public they freely designate or, in its absence, before the Notary public freely designated by the Security Agent, so that the new quotas are pledged in the same terms and conditions as those set out in this Agreement; and
  - The Company shall bear all applicable expenses, fees, duties and taxes.

Las Partes Garantizadas aceptan en este acto cualquier prenda sobre nuevas participaciones de la Sociedad que pueda constituir la Pignorante en cumplimiento de lo dispuesto en esta Cláusula.

El Agente de Garantías estará facultado para ser parte y otorgar cualquier documento complementario en beneficio de las Partes Garantizadas, independientemente del derecho individual de cada Parte Garantizada a ser parte y suscribir el documento complementario mencionado junto con el Agente de Garantías.

The Secured Parties accepts hereby any pledge over new quotas of the Company which the Pledgor may create in accordance with the present Clause.

The Security Agent shall be entitled to appear and execute such supplementary document for the benefit of the Secured Parties, irrespective of the right of each particular Secured Party to appear and execute the aforesaid supplementary document along with the Security Agent.



## 6. INDISPONIBILIDAD DE LAS PARTICIPACIONES

6.1 En tanto subsista la Prenda, el Pignorante se obliga a no vender las Participaciones de la Sociedad, ni transmitir las, ni cederlas, ni canjearlas, ni gravarlas, ni disponer de ellas de cualquier otra manera, ni constituir ningún derecho de opción o restricción a su libre transmisibilidad en caso de ejecución de la Prenda, salvo que se encuentre permitido de acuerdo con los Documentos de la Financiación y con sujeción a los términos y condiciones establecidos en los mismos, o salvo que sea expresa y previamente autorizado por escrito por las Partes Garantizadas.

6.2 Asimismo, en tanto subsista la Prenda, el Pignorante se obliga a no reducir el capital social de la Sociedad salvo que, (a) se encuentre permitido de conformidad con los Documentos de la Financiación o (b) la Sociedad esté obligada legalmente a realizar dicha reducción de capital a los efectos de reequilibrar el patrimonio social de la Sociedad sin que haya devoluciones de aportaciones a sus socios.

## 7. OBLIGACIONES DEL PIGNORANTE Y DE LA SOCIEDAD

Durante la vigencia de la Prenda, el Pignorante se compromete a:

- (a) No hacer ni permitir que se haga nada que perjudique la Prenda ni que la convierta en inválida o inejecutable o menoscabe de cualquier manera su eficacia y, en general, se abstendrá de cualquier acto u omisión que pudiera perjudicar los derechos otorgados a favor de las Partes Garantizadas;
- (b) Que las Participaciones de la Sociedad pignoradas por medio de esta Prenda representen en cada momento el [ ]% del capital social de la Sociedad;
- (c) No constituir ninguna carga, gravamen o derecho de opción o restricción a su libre transmisibilidad distinto de los establecidos legalmente y en el presente Contrato, salvo que esté permitido bajo los Documentos de la Financiación;

## 6. NON-TRANSFERABILITY OF THE QUOTAS

6.1 During the term of this Pledge, the Pledgor undertakes not to sell, nor transfer, nor assign, nor substitute, nor encumber, nor charge or in any manner dispose of the Company Quotas nor to create any option right or restriction on their free transferability in the event of enforcement of the Pledge, unless it allowed under the Loan Documents and subject to the terms and conditions contained therein, or it is previously authorised in writing by the Secured Parties.

6.2 Likewise, during the term of this Pledge, the Pledgor undertakes not to decrease the share capital of the Company unless, (a) it is permitted under the Loan Documents or (b) the Company is obliged under the law to complete such capital reduction for the purposes of rebalancing its equity and without reimbursing any contributions to its shareholders.

## 7. OBLIGATIONS OF THE PLEDGOR AND OF THE COMPANY

While this Pledge is in force, the Pledgor undertakes:

- (a) Not to cause or permit any action that may affect the Pledge, nor that make it invalid or unenforceable or affects in any way its effectiveness and, in general, shall refrain from any act or omission that could affect the rights granted in favor of the Secured Parties;
- (b) That the Company's Quotas pledged hereunder represent [ ]% of the share capital of the Company;
- (c) Not to create any lien, encumbrance, option right or restriction on their free transferability other than those established by law and in this Agreement save as permitted under the Loan Documents;

- (d) Notificar al Agente de Garantías sobre cualquier situación que pueda conducir a un procedimiento concursal que implique la imposibilidad del Pignorante para cumplir sus obligaciones;
- (e) El Pignorante y la Sociedad se comprometen a legalizar telemáticamente el Libro Registro de Socios de la Sociedad, haciendo constar en el mismo la Prenda, anualmente y dentro del plazo de cuatro (4) meses desde el cierre de su ejercicio social y la prohibición de disponer constituidas en virtud de esta Prenda, y a acreditar documentalmente al Agente de Garantías que dicha legalización se ha producido;
- (f) Mantener o hacer que se mantengan en todo momento el derecho de prenda y la garantía sobre las Participaciones, así como la prioridad y rango de las mismas y la atribución a las Partes Garantizadas en los Estatutos Sociales, si fuera aplicable, de los derechos políticos en caso que tenga lugar un Supuesto de Ejecución de la Prenda;
- (g) No crear, ni permitir que subsista ninguna garantía, carga o gravamen de ningún tipo distinto de la Prenda sobre las Participaciones, así como no realizar ninguna actuación prohibida bajo los Documentos de la Financiación, ni bajo este Contrato; y
- (h) No llevar a cabo ninguna fusión, escisión, reestructuración o reorganización societaria, salvo en los supuestos permitidos en los Documentos de la Financiación.<sup>2</sup>
- (d) To notify the Security Agent of any situation that could lead to a formal insolvency proceeding involving the Pledgor or that may imply the inability of the Pledgor to fulfil its obligations;
- (e) The Pledgor and the Company undertake to electronically legalise the Company's Shareholders Registry including this the Pledge, annually and within the period of four (4) months upon the closing of the financial year, and the prohibition to dispose of this created by virtue of this Pledge, and to certify to the Security Agent that this legalisation has occurred;
- (f) To maintain or cause to be maintained at all times the right of pledge and the security over the Quotas, as well as the priority and Rank of the same, and the allocation on the Secured Parties in the by-laws of the Company, if applicable, of the exercise of the political rights upon the occurrence of an Enforcement Event of the Pledge;
- (g) Not to create or permit to subsist any security, lien or encumbrance of any kind, other than the Pledge, over the Quotas nor do anything else prohibited under the Credit Agreement or this Agreement; and
- (h) Not to enter into any merger, demerger, consolidation or corporate reconstruction, except as permitted under the Loan Documents.

## 8. EJERCICIO DE LOS DERECHOS DEL SOCIO

**8.1** En tanto no haya acaecido un Supuesto de Incumplimiento, notificado a la Acreditada y los Garantes conforme a lo establecido en la Cláusula 9 (Event of Default) del Contrato de Financiación corresponderá al Pignorante de conformidad con el artículo 132 de la Ley de Sociedades de Capital:

## 8. EXERCISE OF THE SHAREHOLDER'S RIGHTS

**8.1** As long as an Event of Default has not occurred and been duly notified to the Borrower and the Guarantors according to Clause 9 (Event of Default) of the Credit Agreement, the Pledgor, under section 132 of the Spanish Companies Act, will be entitled to:

---

<sup>2</sup> Supuesto que enlaza con lo dispuesto en la cláusula 8.2.6 del Credit Agreement.

- (a) el ejercicio de los derechos políticos o de voto en relación con las Participaciones de la Sociedad; y
  - (b) obtener y retener los derechos económicos correspondientes a las Participaciones de la Sociedad (incluyendo dividendos, intereses, frutos o rendimientos de cualquier clase).
- (a) exercise the voting rights attached to the Company Quotas; and
  - (b) retain and receive the economic rights attached to the Company Quotas (including, dividends, interests or any other return).

**8.2** El Pignorante ejercerá los derechos políticos correspondientes a las Participaciones de la Sociedad de forma coherente con el cumplimiento de los términos de los Documentos de la Financiación. En todo caso, el Pignorante no podrá ejercer los derechos políticos correspondientes a las Participaciones de la Sociedad de manera que sea perjudicial para la validez o ejecución de la Prenda.

**8.2** The Pledgor shall exercise the voting rights attached to the Company Quotas in accordance and in compliance with the provisions of the Loan Documents. In any case, the Pledgor may not exercise, the voting rights attached to the Company Quotas in a manner prejudicial to the validity or enforceability of the Pledge.

**8.3** Desde que tenga lugar un Supuesto de Incumplimiento y hasta que el mismo no sea subsanado o dispensado por el Agente de Garantías, el ejercicio de los derechos políticos y económicos correspondientes a las Participaciones de la Sociedad (incluyendo dividendos, intereses, frutos o rendimientos de cualquier clase) podrán ser ejercitados por el Agente de Garantías.

**8.3** Upon the occurrence of an Event of Default and until such Event of Default is not remedied or waived by the Security Agent, the exercise of any voting and economic rights (including, dividends, interests or any other return) in respect of the Company Quotas may be exercised by the Security Agent.

En tales circunstancias, el Agente de Garantías podrá ejercitar los derechos políticos y económicos inherentes a las Participaciones de la Sociedad en el interés social y con la diligencia exigible a un ordenado empresario. En tal caso, las cantidades que puedan ser distribuidas y que correspondan al Pignorante (ya sea como dividendos o de cualquier otra manera permitida en derecho), quedarán afectas al pago (hasta donde alcance el importe de tales dividendos o derechos) de las Obligaciones Garantizadas del Contrato de Financiación.

In such circumstances, the Security Agent may exercise the voting and economic rights attached to the Company Quotas for the benefit of Company according to the standard business practice. In such a case, the amounts that may be distributed and which correspond to the Pledgor (as dividends or as any other form admitted by law), will be subject to the payment (up to the amount of the mentioned dividends or rights) of the Secured Obligations of the Credit Agreement.

**8.4** Con objeto de permitir al Agente de Garantías el ejercicio de los derechos económicos y políticos de las Participaciones, en caso de que se produzca un Supuesto de Incumplimiento notificado por parte del Agente de Garantías a la Acreditada, el Pignorante dentro de los quince (15) días hábiles siguientes tras dicha notificación, deberá adoptar las actuaciones que sean oportunas a fin de que la Sociedad eleve a público el acuerdo relativo a la introducción de un nuevo artículo en los estatutos de la Sociedad, mediante la inclusión del siguiente texto (en caso de que los estatutos de la Sociedad no previeran una disposición en términos similares):

**8.4** With the purpose of allowing the Security Agent to exercise the economic and political rights attached to the Quotas, if an Event of Default occurs, having been notified by the Security Agent to the Borrower, the Pledgor within fifteen (15) business days following such notification, shall adopt the actions that may be convenient so that the Company raise into public deed the Company's resolution to introduce a new article under the Company's by-laws, by including the following text (in case that the by-laws of the Company do not foresee such a clause as per terms similar to the terms below):

(a) *"En caso de prenda de las participaciones, corresponderán al Agente de Garantías los derechos de socio correspondientes a las participaciones pignoradas desde el momento en que se notifique por conducto notarial al pignorante y a la sociedad la existencia de un supuesto de incumplimiento de las Obligaciones Garantizadas bajo los Documentos de la Financiación, siempre y cuando (i) se haya admitido a trámite la ejecución judicial de la prenda; o (ii) en el caso de ejecución notarial, se acredite fehacientemente la citación del deudor. En tanto tal notificación no se produzca, los derechos de socio corresponderán al socio pignorante."*

Si la inscripción de la mencionada modificación estatutaria se hubiera denegado por el Registro Mercantil, las Partes Garantizadas y el Pignorante negociarán una redacción alternativa al objeto de dotar de efectividad el espíritu de la misma y el Pignorante deberá llevar de nuevo a cabo las actuaciones indicadas en el párrafo anterior a la mayor brevedad respecto de la modificación revisada del artículo de los estatutos de la Sociedad.

**8.5** El Pignorante se compromete expresa e irrevocablemente a no realizar modificaciones estatutarias que sean contrarias a los Documentos de la Financiación y/o que tengan como finalidad el establecimiento de restricciones al ejercicio de derechos políticos y económicos inherentes a las Participaciones de la Sociedad y/o que tengan como finalidad el establecimiento de restricciones a la libre transmisibilidad de las mismas en caso de ejecución de la presente Prenda (tales como derechos de tanteo o de preferencia a favor de la propia sociedad o sus socios en caso de ejecución de prenda), sin perjuicio de lo previsto en el artículo 109 de la Ley de Sociedades de Capital.

(a) *"In the event that the quotas are pledged, shareholder rights attached to the pledged quotas shall belong to the Security Agent from the moment the pledgor and the company are notified through a notary of the occurrence of an event of default of the Secured Obligation under the Loan Documents, provided that (i) judicial enforcement of the pledge has been initiated; or (ii) in the event of notarial enforcement, provided that the debtor has been duly summoned. Until such notification takes place, shareholder rights shall belong to the pledgor shareholder."*

In the event that registration of the abovementioned amendment is rejected by the Mercantile Registry, the Secured Parties and the Pledgor shall negotiate an alternative wording to reflect the spirit of the amendment and the Pledgor shall thereafter promptly carry out again the acts set out in the preceding paragraph in respect of the revised amendment to article of the Company's by-laws.

**8.5** The Pledgor expressly and irrevocably undertakes not to adopt amendments of the bylaws of the Company which are opposed to the terms of the Loan Documents and/or are done for the purposes of setting forth thereunder restrictions to the exercise of the voting and economic rights attached to the Company Quotas and/or are done for the purposes of setting forth thereunder restrictions to the free transferability of the Company's Quotas in case of the enforcement of the Pledge (as pre-emption rights and pre-emptive acquisition rights in favor of the Company in case of enforcement of pledge), without prejudice of article 109 of the Spanish Companies Act.

- 8.6** Además, el Pignorante expresa e irrevocablemente renuncia por la presente, en beneficio de las Partes Garantizadas, según corresponda y en caso de acaecimiento de un Supuesto de Incumplimiento, al ejercicio de cualquier derecho de preferencia que pudiera corresponderle en cada momento, en el supuesto de una transmisión forzosa de las Participaciones derivada de la ejecución de la presente Prenda.
- 8.7** A efectos aclaratorios, desde el momento en el que cese cualquier Supuesto de Incumplimiento por haber sido el mismo subsanado o aceptado por las Partes Garantizadas, los derechos referidos en la Cláusula 8.1 anterior volverán a ser ejercidos por el Pignorante.
- 9. DECLARACIONES Y GARANTÍAS DEL PIGNORANTE Y LA SOCIEDAD**
- El Pignorante y la Sociedad declaran y garantizan de forma mancomunada, según corresponda, en beneficio de las Partes Garantizadas:
- (a) Que están válidamente constituidas y debidamente inscritas en los Registros competentes y ostentan plena capacidad de obrar;
- (b) Que tienen capacidad para suscribir y cumplir el presente Contrato y han realizado todas las actuaciones necesarias para autorizar el otorgamiento y cumplimiento del mismo;
- 8.6** Moreover, the Pledgor expressly and irrevocably waives hereby for the benefit of the Secured Parties, as applicable and upon the occurrence of an Even of Default, to exercise any preemptive right, which could correspond, to it at any time being, in case of a compulsory transfer of the Quotas arising of the execution of this Pledge.
- 8.7** For clarification purposes, from the moment of the cessation of any Event of Default due to its remedy or waived by the Secured Parties, the rights referred to in Clause 8.1 above will be exercised again by the Pledgor.
- 9. REPRESENTATIONS AND WARRANTIES OF THE PLEDGOR AND THE COMPANY**
- The Pledgor and the Company jointly represent and warrant, as applicable, for the benefit of the Secured Parties:
- (a) That are validly incorporated and duly registered with the relevant Mercantile Register and have full capacity to act;
- (b) That are authorised to enter into and fulfil this Agreement and have carried out all necessary actions to authorise the granting and fulfilment thereof;

- (c) Que tienen los necesarios derechos y facultades para suscribir este Contrato y que el Pignorante tiene el título y los derechos necesarios para pignorar, ceder y transmitir las Participaciones los efectos de cumplir con el presente Contrato;
- (d) Que las Participaciones representan el [ ]% del capital social de la Sociedad;
- (e) Que el Pignorante ostenta legítimamente la plena propiedad de las Participaciones;
- (f) Que las Participaciones no están sometidas a ninguna carga, gravamen o derecho de opción de compra o de venta o de tercero, a excepción del constituido en virtud del presente Contrato;
- (g) Que a su leal saber y entender la constitución de la presente Prenda no contradice los estatutos de la Sociedad ni, hasta donde tienen conocimiento, ninguno de los contratos, obligaciones, acuerdos, compromisos, cargas o regulaciones de las que sea parte o por las que esté obligado, ni supone el incumplimiento de sus términos y condiciones, habiendo sido obtenido, en caso de ser necesarios, todos los consentimientos oportunos al efecto de evitar el incumplimiento de cualquier compromiso adquirido con anterioridad al otorgamiento del presente Contrato; y
- (h) Que el otorgamiento de este Contrato, constituye y crea una garantía real de primer rango sobre las Participaciones en favor de las Partes Garantizadas en garantía del cumplimiento de las Obligaciones Garantizadas.
- (c) That have the required powers and legal rights to execute this Agreement and the Pledgor has the necessary legal title and the right to pledge, assign and transfer the Quotas for the purposes of complying with this Agreement;
- (d) That the Quotas represent a [ ]% of the share capital of the Company;
- (e) That the Pledgor has full legal and beneficial ownership of the Quotas;
- (f) That the Quotas are not subject to any charge, lien or purchase or sale option right or third party right, except for the one created pursuant to this Agreement.
- (g) That to the best of their knowledge, the creation of this Pledge does not conflict with the by-laws of the Company, nor, to the best of its knowledge, any contracts, obligations, agreements, undertakings, charges or regulations to which it is a party or by which it is bound, nor it will imply the breach of such terms and conditions, having been obtained, should it be necessary, all necessary consents in order to avoid the breach of any commitment assumed prior to the execution of this Agreement; and
- (h) That the execution of this Agreement, creates a first ranking in rem right of pledge over the Quotas in favour of the Secured Parties as security of the Secured Obligations.

Todas las declaraciones y garantías aquí contenidas se mantendrán vigentes, vinculantes y con efectos hasta la cancelación de la presente Prenda y, en su caso, de sus extensiones, y se entenderán repetidas (salvo que expresamente se refieran a una fecha específica) con ocasión del otorgamiento y perfección de cada una de las eventuales extensiones de la Prenda.

All the representations and warranties herein contained shall remain in force, binding and effective up to the cancellation of this Pledge, and if applicable, of its extensions and shall be deemed to be repeated (unless they specifically refer to a determined date) at the time of granting and perfection of any extension of the Pledge.

## 10. EJECUCIÓN DE LA PRENDA

### 10.1 Supuesto de Ejecución

Será causa de ejecución de la Prenda un Supuesto de Incumplimiento continuado (el "**Supuesto de Ejecución**").

### 10.2 Determinación de la cantidad líquida

Las Partes acuerdan expresamente que la cantidad vencida, líquida y exigible en caso de ejecución de la Prenda (por cualquiera de los procedimientos aplicables) y a los efectos de los artículos 572 y 573 de la Ley de Enjuiciamiento Civil, será la especificada en la certificación que expida el Agente de Garantías de conformidad con los Documentos de la Financiación en la que conste el saldo adeudado por la Acreditada o los Garantes a las Partes Garantizadas y que será calculado de conformidad con lo dispuesto en los Documentos de la Financiación.

El importe de la deuda líquida, vencida y exigible mencionado en esta Cláusula 10.2 se incrementará con los intereses (ordinarios, de demora o de cualquier otro tipo), gastos, costas, comisiones y demás importes devengados a favor de las Partes Garantizadas ejecutantes entre la fecha de expedición de la certificación anteriormente mencionada y la fecha en que la ejecución de la Prenda se haga efectiva.

### 10.3 Ejecución por el Agente de Garantías

La ejecución de la Prenda y la realización de cualesquiera acciones de defensa o preservación de la misma, será llevada a cabo por el Agente de Garantías, en nombre y representación de aquéllos y siguiendo las instrucciones que a tal efecto le faciliten los mismos.

### 10.4 Procedimientos de ejecución

Para el ejercicio de la acción real pignoratícia, las Partes Garantizadas podrán entablar, a su elección, cualquiera de los procedimientos que legalmente les asisten, y en particular:

## 10. ENFORCEMENT OF THE PLEDGE

### 10.1 Enforcement Event

The Pledge will be enforceable upon an Event of Default which is continuing (the "**Enforcement Event**").

### 10.2 Due and payable amount

The Parties expressly agree that in the event of enforcement of the Pledge (following any of the applicable procedures) the amount due and payable pursuant to the provisions of articles 572 and 573 of the Civil Procedural Law will be the amount specified in the certificate issued by the Security Agent in accordance with the Loan Documents setting out the amount owed by the Borrower or the Guarantors to the Secured Parties, calculated in accordance with the Loan Documents.

The amount of the due and payable debt mentioned in this Clause 10.2 shall be increased with the interest (ordinary interest, default interest or any other type of interest), costs and expenses, fees and any other amounts accrued in favor of the Secured Parties between the date on which aforementioned certificate is issued and the date on which the enforcement of the Pledge is made effective.

### 10.3 Enforcement by the Security Agent

The enforcement of the Pledge and any acts in defence or preservation of the Pledge shall be carried out by the Security Agent acting on their behalf and upon their instructions.

### 10.4 Enforcement procedures

For the purposes of the enforcement of the Pledge, the Secured Parties may, at their discretion initiate any legal proceedings available, in particular:

- (a) los judiciales ordinarios, declarativos o de ejecución previstos en la Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil (la “LEC”);
  - (b) el procedimiento ejecutivo para bienes hipotecados o pignorados establecido en los artículos 681 a 698 de la Ley de Enjuiciamiento Civil;
  - (c) el extrajudicial establecido en el artículo 1872 del Código Civil o en los artículos 72 a 77 de la Ley del Notariado;
  - (d) cumpliendo en cada caso los requisitos del procedimiento elegido, sin que la utilización de una vía precluya la posibilidad de acudir a cualquiera de las restantes, en tanto las Obligaciones Garantizadas no hayan sido satisfechas en su integridad o extinguidas de otro modo.
- (a) ordinary, declarative or enforcement judicial proceedings provided under Law 1/2000 of 7th January of Civil Procedure (the “Civil Procedural Law”);
  - (b) the enforcement proceeding for mortgaged or pledged assets established in articles 681 to 698 of the Civil Procedural Law;
  - (c) the non-judicial proceeding set forth in article 1872 of the Civil Code or in articles 72 to 77 of the Spanish Notarial Law;
  - (d) complying in each case with the requirements of the chosen proceedings and provided that the choice of any of the above proceedings does not limit the possibility of choosing any of the other proceedings, to the extent that the Secured Obligations have not been fully discharged.

#### 10.5 Procedimiento de ejecución bajo la LEC

En el supuesto de que las Partes Garantizadas, a través del Agente de Garantías, decidieran instar cualquiera de los procedimientos previstos en la LEC, las Partes pactan expresamente que bastará para el ejercicio de la acción ejecutiva la presentación de los siguientes documentos:

- (a) la póliza de éste Contrato de Prenda;
- (b) certificación, expedida por el Agente de Garantías, de la deuda que resulte a cargo de la Acreditada o de los Garantes, así como el extracto de las partidas de cargo y abono y las correspondientes a la aplicación de intereses que determinan el saldo concreto por el que se pide el despacho de ejecución, acreditando que la liquidación de la deuda por la que se ejecuta se ha practicado en la forma pactada en los Documentos de la Financiación;
- (c) documento que acredite haber notificado previamente al Pignorante, a la Sociedad y a cualquier otra sociedad que resulte Garante en cada momento la cantidad exigible resultante de dicha liquidación. A estos efectos, dicha notificación será suficiente para que la Acreditada y los Garantes se den por notificados.

#### 10.5 Civil enforcement procedure

In the event that the Secured Parties, through the Security Agent, wish to initiate any of the enforcement procedures set forth in the Civil Procedural Law, the Parties hereby agree that for the exercise of the enforcement actions the delivery of the following documents shall suffice:

- (a) the public document formalising this Pledge Agreement;
- (b) a certificate issued by the Security Agent, regarding the debt of the Borrower, as well as the extract of the debit and credit entries and those corresponding to the application of interest that determine the specific balance for which the enforcement is requested, certifying that the calculation of the debt which is enforced has been in the manner agreed in the Loan Documents;
- (c) a document evidencing that the amount due and payable as a result of the aforementioned calculation has been previously notified to the Pledgor, the Company and any other Company holding the position of Guarantor at that time. Such notice will be suffice for the purposes of notifying the Borrower and the Guarantors.



## 10.6 Procedimiento extrajudicial

Si las Partes Garantizadas, iniciasen el procedimiento establecido en el artículo 1.872 del Código Civil y en los artículos 72 a 77 de la Ley del Notariado, será de aplicación el procedimiento siguiente:

- (a) Los domicilios a efectos de requerimientos y notificaciones serán los que se recogen en la Cláusula 13 posterior, siendo aplicables asimismo en caso de ejecución de acuerdo con el procedimiento previsto en el Capítulo V del Título IV del Libro III de la Ley de Enjuiciamiento Civil.
- (b) La subasta será electrónica y se llevará a cabo en el Portal de Subastas de la Agencia Estatal Boletín Oficial del Estado.
- (c) Las subastas se celebrarán ante un notario español que será designado por las Partes Garantizadas de conformidad con la legislación vigente.

El Pignorante, en caso de no comparecer ante el notario correspondiente, designa a las Partes Garantizadas para representarle en la subasta de las Participaciones, en calidad de vendedor y para que otorgue el correspondiente contrato de compraventa (incluso en documento público) a favor del adquirente, con facultades expresas de autocontratación, en la medida en que el Pignorante no haya procedido a otorgar dicho contrato en un plazo máximo de un (1) mes desde la fecha del requerimiento que, a tal efecto, le hubieran dirigido las Partes Garantizadas.

- (d) Las subastas se notificarán fehacientemente al Pignorante por cualquier medio que permita acreditar la recepción y el contenido de la notificación a los domicilios que se establecen en la Cláusula 13 posterior con al menos quince (15) días de antelación a aquel que se señale para la subasta. En la notificación deberán constar todas las circunstancias de la ejecución, y en particular las siguientes:

## 10.6 Non-judicial proceedings

In the event that the Secured Parties, should initiate the proceedings contemplated in Article 1,872 of the Spanish Civil Code and the Articles 72 to 77 of the Notaries Act, the following procedure shall apply:

- (a) The addresses for the service of notice and summons are the ones included in Clause 13 below, being also applicable to the enforcement proceeding set out in Chapter V of Title IV of Book III of the Spanish Civil Procedural Act.
- (b) The auction shall be electronic and shall be carried out through the On-line Auction Portal of the State Official Gazette Agency.
- (c) The auctions shall be held before a Spanish Notary public appointed by the Secured Parties in accordance with applicable laws.

The Pledgor, in the event it does not appear before the relevant Notary Public, hereby appoints the Secured Parties as its representative of the in the auction of the Quotas, as transferor, and irrevocably authorise (with express faculties for self-contracting) such entity to execute the notarial deed of transfer of the Quotas in favor of the purchaser on behalf of the Pledgor, as long as the Pledgor had not proceeded to grant such deed of transfer within a maximum term of one (1) month from the date of the requirement notice that, for such purpose, would have been sent by the Secured Parties.

- (d) The auctions shall be notified to the Pledgor by any means which shall evidence the content and receipt of the notice at the address referred to in Clause 13 below by no less than fifteen (15) days prior to notice of the date indicated for the auction. The notice shall specify the circumstances leading to the enforcement and, in particular, shall give details of the following:

- El importe que deba ser debidamente satisfecho por medio de la ejecución de la Prenda.
  - La identificación de las Participaciones que se ejecutan, su número, valor nominal, numeración, clase y valoración.
  - La fecha de la subasta y la hora a la que se celebrarán, la cantidad que sirva de tipo inicial en las subastas y el depósito exigido para participar en las subastas.
- (e) A su libre elección, las Partes Garantizadas podrán proceder a ejecutar la Prenda respecto de todas las Participaciones al mismo tiempo, o a efectuar ejecuciones parciales o sucesivas de la Prenda sobre distintos paquetes de Participaciones, hasta el total reembolso de las Obligaciones Garantizadas.
- (f) Abierta la subasta, sólo podrán hacerse pujas electrónicas durante veinte (20) días desde la fecha de apertura.
- (g) Para participar en la subasta será necesario consignar el cinco por ciento (5%) del valor de las participaciones subastadas. Las Partes Garantizadas no deberán hacer consignación alguna.
- (h) Si no concurriere ningún postor o no fueran adjudicadas las Participaciones por cualquier motivo, el Notario así lo hará constar, declarando desierta la subasta y acordará el cierre del expediente, sin perjuicio de la facultad que se otorga a las Partes Garantizadas a iniciar ante el mismo Notario un segundo expediente de subasta notarial de las Participaciones, con arreglo a lo acordado en este Contrato y conforme a la normativa legal aplicable. En ningún caso esta circunstancia podrá suponer la cancelación o extinción de la Prenda.
- The amount to be duly paid by means of the enforcement of the Pledge.
  - Precise details of the Quotas to be enforced, their number, face value, numbering, class and valuation.
  - The date of the auction and the time at which they will take place, the amount which shall serve as an initial bid at the auctions, as well as the deposit required to participate in the auction.
- (e) At its free choice, the Secured Parties may enforce the Pledge in respect of all the Quotas at the same time, or to carry out partial and successive enforcements of the Pledge in respect of different groups of Quotas, up to the full repayment of the Secured Obligations.
- (f) Once the auction is opened, electronic bids can only take place during twenty (20) days following the opening.
- (g) In order to take part in the auction, the bidder shall deposit 5% of the value of the auctioned quotas. The Secured Parties shall not deposit any amount to enter therein.
- (h) In case that no bidder enters into the auction nor the Quotas were allocated for any reason, the Notary Public shall note the fact, declaring the auction as void and agreeing the closing of the auction record, notwithstanding the authority of the Secured Parties to initiate before the same Notary Public a second notarial auction record over the Quotas, in accordance to the terms of this Agreement and the applicable regulations. In no case such fact may produce the cancellation or the termination of the Pledge.

- (i) En caso de que las Partes Garantizadas insten el inicio de un segundo expediente de subasta notarial, el tipo de subasta será equivalente al setenta y cinco por ciento (75%) del valor indicado por la firma de auditoría designada.
- (j) Las Partes Garantizadas podrán, si las Participaciones no son enajenadas en ninguna de las subastas, hacerlas suyas dando en este caso carta de pago por el importe equivalente al tipo de la última subasta de las Participaciones.
- (k) La celebración de la subasta se anunciará mediante anuncio en el Boletín Oficial del Estado con quince (15) días de antelación a su celebración y deberá contener todos los datos mínimos exigidos por el artículo 74 de la Ley del Notariado, así como expresar todas las circunstancias referidas en la Cláusula 10.6. (d) anterior, haciendo referencia expresa al tipo inicial de la subasta, todo lo cual estará disponible en la notaría designada para la ejecución de la Prenda, junto con la documentación relativa a las Participaciones objeto de subasta y al procedimiento mismo. Se entenderá que los licitadores aceptan las circunstancias derivadas del régimen legal relativo a la venta forzosa de las Participaciones y a los derechos de los socios de conformidad con los estatutos sociales de la Sociedad, una copia de los cuales estará disponible en la notaría.
- (l) El adjudicatario deberá depositar la cantidad restante del precio de remate en la notaría o en la entidad de crédito indicada en el anuncio, antes de las 12:00 p.m. del tercer día hábil siguiente a la adjudicación provisional de las Participaciones. Este importe, junto al del depósito, deberá emplearse para sufragar la totalidad de los costes de la subasta y el resto, hasta donde alcance, será entregado por el notario o por la entidad de crédito indicada en el anuncio, según sea el caso, a las Partes Garantizadas, para su distribución, en su caso, entre el resto de las Partes Garantizadas, para el pago de las Obligaciones Garantizadas pendientes de pago cuyo incumplimiento hubiera ocasionado la ejecución de la Prenda. El sobrante, en caso de existir, será entregado directamente por el notario o por la entidad de crédito, según corresponda, al Pignorante.
- (i) In the event that the Secured Parties require the initiation of a second notarial auction record, the auction bid will be seventy five per cent (75%) of the value determined by the designed audit firm.
- (j) Should the Quotas not be sold in any of the auctions, such quotas may be acquired by the Secured Parties , giving discharge of payment in an amount equal to the auction bid of the last auction of the Quotas.
- (k) The auction shall be announced by means of a notice in the State Official Gazette fifteen (15) days in advance to the date in which the auction will be held. The announcement shall contain all the minimum details required by the article 74 of the Notaries Act, as well as state all the circumstances referred to in Clause 10.6. (d) above, with express reference to the starting bid price all of which shall be available at the notary's bureau appointed for the enforcement of the Pledge, together with the documentation relating to the Quotas to be auctioned and to the proceedings itself. The bidders shall be deemed to accept the circumstances arising under the legal regulations concerning the compulsory sale of the Quotas and the rights of shareholders in accordance with the by-laws of the Company, a copy of which shall also be deposited at the notary's bureau.
- (l) The awardee shall deposit the remaining sum up to the award price at the notary's bureau or at the financial institution indicated in the announcement, before 12:00 p.m. of the third business day following the provisional allocation of the Quotas. This sum, together with the deposit, shall be applied to pay the costs of the auction and any sums in excess of the award price shall, to the extent possible, be delivered by the notary or by the financial institution specified in the announcement, as applicable, to the Secured Parties to its distribution, if applicable, among the rest of the Secured Parties to the to apply them to settle the Secured Obligations pending of payment of which unfulfilment had caused the enforcement of the Pledge. The excess, if any, will be delivered directly by the Notary public or by the financial institution, as the case may be, to the Pledgor.

- (m) En caso de que el adjudicatario no realice la consignación a que se refiere la Cláusula 10.6.(g) en el plazo y forma debidos, las cantidades por él consignadas como depósito se aplicarán al pago de las Obligaciones Garantizadas. En este caso, dicho adjudicatario perderá la puja y se considerará adjudicatario al segundo mejor licitador que hubiera mantenido el depósito en la notaría a tenor de lo indicado en la Cláusula 10.6.(g) anterior; si no hubiera licitador de subasta será suspendida con las consecuencias previstas en estas estipulaciones.
- (n) El Notario entregará al Agente de Garantías, para su distribución entre el resto de los las Partes Garantizadas, la parte del precio obtenido en la subasta equivalente a la suma adeudada correspondiente a las Obligaciones Garantizadas pendientes de pago. El sobrante, de existir (una vez descontados los gastos, impuestos y costes que la enajenación haya podido causar), será directa e inmediatamente depositado por el Notario en la cuenta bancaria que designen las Partes Garantizadas y quedará afecto, en caso de ejecución parcial de la Prenda, a las restantes Obligaciones Garantizadas por esta Prenda que, en su caso, no hubiesen resultado satisfechas. En el supuesto de que exista alguna cantidad remanente tras la ejecución de la Prenda y no existan Obligaciones Garantizadas pendientes de pago las Partes acuerdan que dicha cantidad será entregada al Pignorante.
- (o) En el caso de que las Partes Garantizadas se adjudiquen en la subasta las Participaciones, éstas serán pagadas mediante compensación por reducción, en el referido importe al que hubieran sido adjudicadas en la subasta, de las Obligaciones Garantizadas pendientes de pago cuyo incumplimiento hubiera ocasionado la ejecución de la Prenda (hasta donde alcance el importe antes mencionado). El sobrante, de existir, se aplicará de acuerdo con lo establecido en la apartado inmediatamente anterior.
- (m) In the event that the awardee does not make the payment referred to under Clause 10.6.(g) in due course and form, the sums of the deposit allocated by such awardee shall be applied to the payment of the Secured Obligations. In this event, the referred awardee shall be disqualified and the auction shall be awarded to the second highest bidder who has made the deposit with the Notary public in accordance with the provisions of Clause 10.6.(g) above; should there be no such bidder the auction shall be adjourned with the consequences set out in these provisions.
- (n) The Notary public will deliver to Security Agent, for its distribution, among the rest of the Secured Parties, the proceeds arising out of the bid in order to allocate them to meeting the outstanding Secured Obligations. Should the referred proceeds exceed the amount of the Secured Obligations (once the costs, taxes and expenses arising out of such enforcement have been paid), the excess will be directly and immediately deposited by the Notary public in the bank account designated by the Secured Parties, and subject to, in case a partial enforcement of the Pledge has taken place, the rest of the Secured Obligations which have not been fulfilled. In case there are not pending Secured Obligations the excess will be delivered directly to the Pledgor.
- (o) In case that the Secured Parties becomes awardee of the Quotas in the bid, the Quotas will be paid by means of set-off reducing, in the amount the Quotas had been awarded in the auction, the Secured Obligations pending of payment whose default had caused the enforcement of the Pledge (to the extent reached by the referred amount). The surplus, if any, will be applied in accordance with the section immediately above.

- (p) La ejecución no será interrumpida por causa alguna, salvo (i) que medie una orden dictada por la autoridad judicial competente; o (ii) que la Acreditada y los Garantes hubieran cumplido las Obligaciones Garantizadas y hubieran abonado íntegramente las mismas a las Partes Garantizadas, así como todos los gastos incurridos en la ejecución.
- (p) The enforcement shall not be interrupted unless by virtue of (i) a judicial decision rendered by a competent judge; or (ii) the discharge of the Secured Obligations by the Borrower and the Guarantors with full payment of the same to the Secured Parties as well as all expenses incurred in connection with the enforcement.

#### 10.7 Conservación de derechos

Las Partes Garantizadas conservarán todos sus derechos y acciones contra el Pignorante por la parte de las Obligaciones Garantizadas que no hayan sido satisfechas o resarcidas con la ejecución de la Prenda.

#### 10.8 Renuncia de acciones del Pignorante

Hasta la fecha en la que las Obligaciones Garantizadas hayan sido amortizadas en su totalidad, en el caso de que las Partes Garantizadas obtengan el cobro de cualesquiera importes u Obligaciones Garantizadas a través de la ejecución de la Prenda, el Pignorante renuncia expresamente y desde este momento (i) al ejercicio de cualquier derecho de subrogación, (ii) a cualquier acción y (iii) al cobro de cualesquiera créditos o derechos, frente a la Acreditada o cualquiera de los Garantes.

### 11. PODER IRREVOCABLE

11.1 Con objeto de asegurar el cumplimiento de los compromisos asumidos en este Contrato, el Pignorante otorgará a favor del Agente de Garantías y de las Partes Garantizadas en unidad de acto respecto a la firma del presente Contrato y en escritura pública separada ante el mismo Notario interviniente, un poder especial irrevocable tan amplio en Derecho como resulte necesario, con facultades de sustitución, re- sustitución y delegación en favor de la persona, física o jurídica, agente, administrador, la persona o entidad a favor de quien sustituye o en quien delegue la ejecución de las facultades otorgadas por medio del poder irrevocable (incluyendo la entidad que le sustituya como Agente de Garantías) o cualquier otra entidad que determine el Agente de Garantías, para que el Agente de Garantías (actuando a través de sus representantes orgánicos o sus apoderados) pueda, en nombre y representación del Pignorante, realizar cualesquiera actuaciones que resulten necesarias o convenientes para ejecutar y hacer cumplir los términos del presente Contrato.

#### 10.7 Maintenance of rights

The Secured Parties shall maintain all their rights and claims against the Pledgor with respect to any part of the Secured Obligations that has not been satisfied or indemnified upon the enforcement of the Pledge.

#### 10.8 Waiver of rights by the Pledgor

Until such time as the Secured Obligations have been discharged in full, in the event that the Secured Parties obtain payment of any amounts owed to them or of the Secured Obligations through the enforcement of the Pledge, the Pledgor expressly waives as from this moment in time (i) any rights of subrogation, (ii) the exercise of any claim and (iii) the recovery or collection of any credits or rights, against the Borrower or the Guarantors.

### 11. IRREVOCABLE POWER OF ATTORNEY

11.1 In order to give the grates effectiveness to the compliance with the undertakings set out herein, the Pledgor will grant in favor of the Security Agent and the Secured Parties simultaneously with the execution of this Agreement, and in a separate public deed before the intervening Notary public, an irrevocable special power of attorney, so broad in Law as necessary, with powers of substitution, re-substitution and delegation as broad as may be necessary in Law in favor of the person, whether natural or legal, agent, receiver, the person or entity in favor of whom it may delegate or substitute the faculties conferred hereunder (including the entity which may replace the Security Agent as agent) or any other entity that the Security Agent may determine, so that the Security Agent (acting through its representatives or its attorneys-in-fact), on behalf of the Pledgor, may perform any necessary or convenient actions to comply with and enforce the terms of the present Agreement.

- 11.2** A tales efectos, el Agente de Garantías podrá, transcurrido el plazo de diez (10) días hábiles desde la notificación realizada al Pignorante sin que éste hubiera realizado lo solicitado, utilizar el poder irrevocable otorgado, a fin de llevar a cabo en nombre del Pignorante cuantas actuaciones resulten necesarias o convenientes a favor de las Partes Garantizadas en los términos y condiciones que estime oportunos para el adecuado cumplimiento de lo previsto en el presente Contrato, incluyendo, con carácter enunciativo y no limitativo, las siguientes:
- (a) solicitar del Notario ante el que formalice el presente Contrato, todo tipo de copias de los correspondientes documentos públicos en los que se formalicen la Prenda;
  - (b) efectuar cualesquiera declaraciones, trámites, presentaciones de documentos o cualesquiera otras actuaciones ante Notarios, Registradores, autoridades fiscales, administrativas o judiciales y liquidar y abonar los impuestos, comisiones, costes y gastos relacionados con el otorgamiento del presente Contrato;
  - (c) llevar a cabo cuantas actuaciones y suscribir, otorgar y elevar a público cuantos documentos públicos o privados sean necesarios para: (i) obtener y asegurar la plena perfección, mantenimiento y protección de las Prenda; (ii) defender, proteger y reclamar los derechos que en el presente Contrato se confieren a las Partes Garantizadas;(iii) realizar cualquier extensión, ratificación, subsanación, rectificación o sustitución de cláusulas declaradas nulas por aquellas otras cuyo efecto económico sea el más parecido posible al de la cláusula declarada nula y sin efecto; y (iv) llevar a cabo la ejecución de la Prenda;
- 11.2** For this purpose, the Security Agent may, upon failure of the Pledgor to comply with the Security Agent’s request within ten (10) business days of being notified, use the irrevocable power of attorney in order to carry out, on behalf of the Pledgor, any necessary or convenient actions in favor of the Secured Parties in the terms and conditions the Security Agent may deem appropriate for the adequate compliance with the terms of this Agreement including, but not limited to, the following:
- (a) to request from the Notary Public before whom the present Agreement is formalized all kind of copies of the relevant public documents in which the Pledge is formalized;
  - (b) to make any statements, declarations, proceedings, submitting documents or any other actions before Notaries, Registrars, tax, administrative or judicial authorities and liquidate and pay for the taxes, commissions, costs and expenses related to the execution of the present Agreement;
  - (c) to carry out any and all actions to execute, grant and raise to public deed status any necessary documents to; (i) obtain and ensure the full perfection, maintenance and protection of the Pledge; (ii) defend, protect and claim the rights conferred to the Secured Parties in the present Agreement; (iii) carry out any extension, ratification, amendment, rectification or substitution of those clauses declared void by those which economic effect will be the most similar to the clause declared void and without effect; and (iv) carry out the execution of the Pledge;

- (d) para que, en caso de que ello fuera necesario, representar al Pignorante en la subasta de los derechos de crédito y de las participaciones pignoradas en virtud del presente Contrato;
- (e) en orden a la toma de posesión de los nuevos derechos, valores, activos o fondos en caso de prenda sucesiva en los términos establecidos en el presente Contrato;
- (f) a los efectos de materializar la extensión de la Prenda para las que dicha posibilidad esté prevista, y en orden a suscribir los documentos necesarios para la extensión de dichas garantías;
- (g) llevar a cabo cuantas actuaciones y firmar, otorgar y elevar a público cuantos documentos públicos o privados sean necesarios o convenientes para el restablecimiento de la Prenda en virtud del presente Contrato en caso de que cualesquiera pagos efectuados al amparo de la Prenda fuesen declarados nulos en el marco de un procedimiento de insolvencia y, como consecuencia de dicha nulidad, las Obligaciones Garantizadas no resultasen cumplidas íntegramente;
- (h) otorgar los documentos que sean convenientes o necesarios a los efectos de que el presente poder irrevocable sea otorgado a favor de quien sustituya al Agente de Garantías de como nuevo agente.
- (d) if it was necessary, to represent the Pledgor in an auction of the credit rights and the quotas pledged under this Agreement;
- (e) in order to take possession of the new rights, securities, assets or funds in case of successive pledge (prenda sucesiva) in the terms established in this Agreement;
- (f) for the purpose of materializing the extension of the Pledge for which such possibility is foreseen, and in towards to execution of the necessary documents for the extension of said security;
- (g) to carry out any actions and sign, execute and raise to public deed status any public or private documents that are deemed necessary or convenient for re-establishing the Pledge under this Agreement in the event any payments performed under the Pledge were declared null in the framework of an insolvency proceeding and, as a consequence of such nullity the Secured Obligations were not fully fulfilled;
- (h) to grant the documents that are convenient or necessary for the purpose that this irrevocable power of attorney is granted in favor of whoever replaces the Security Agent as new agent.

**11.3** Dado que el poder irrevocable se otorga en interés de las Partes y que resulta necesario para el cumplimiento de las obligaciones asumidas por el Pignorante en el presente Contrato, el poder irrevocable se configura como irrevocable, por lo que permanecerá en vigor mientras subsistan las Obligaciones Garantizadas.

**11.4** El poder irrevocable sólo podrá quedar sin efecto con anterioridad a la terminación del presente Contrato por acuerdo entre el Pignorante y el Agente de Garantías. La revocación unilateral del poder irrevocable por el Pignorante no producirá efecto alguno.

**11.3** As the irrevocable power of attorney is granted in the interest of the Parties and is necessary for the fulfilment of the obligations assumed by the Pledgor under the present Agreement, the irrevocable power of attorney is configured as irrevocable. Therefore, it shall remain in force while the Secured Obligations subsist.

**11.4** The irrevocable power of attorney shall only be invalid prior to the termination of the present Agreement as per the agreement between the Pledgor and the Security Agent. The unilateral revocation of the irrevocable power of attorney by the Pledgor shall have no effect.

**11.5** El Pignorante declara conocer que el ejercicio por el Agente de Garantías de las facultades que recibe en virtud del poder irrevocable puede implicar autocontratación y subdelegación de poderes, lo acepta y lo salva expresamente para el Agente de Garantías y, en su caso, aquéllos que resulten ser sus cesionarios o sucesores. Se salva expresamente también, autorizándola, la autocontratación con respecto a aquéllos en los que el Agente de Garantías sustituya, sub-apodere o delegue el poder irrevocable.

## **12. CANCELACIÓN DE LA PRENDA**

Cumplidas íntegramente las Obligaciones Garantizadas o extinguidas éstas de otro modo, quedará automáticamente extinguida y cancelada la Prenda, comprometiéndose las Partes Garantizadas, a solicitud por escrito del Pignorante, y en el plazo máximo de quince (15) días hábiles a partir de la fecha en que tenga lugar tal requerimiento, a otorgar el correspondiente documento público de cancelación. Las Partes de la presente Prenda acuerdan que todos los tributos y gastos de Notario y, en su caso, de notificaciones derivados de dichas cancelaciones correrán a cargo del Pignorante.

No obstante el cumplimiento de las Obligaciones Garantizadas y la cancelación de la Prenda, en el supuesto de que cualesquiera pagos efectuados en satisfacción de las Obligaciones Garantizadas fueran declarados nulos en el marco de un procedimiento de insolvencia y, como consecuencia de dicha nulidad, las Obligaciones Garantizadas no resultasen total o irrevocablemente cumplidas, las Partes acuerdan el resurgimiento de los términos y condiciones de la Prenda en garantía de las Obligaciones Garantizadas.

## **13. NOTIFICACIONES**

**13.1** Cualquier comunicación o notificación entre las Partes a la que se refiera el presente contrato, o que, incluso no estando contemplada en el mismo, se realice entre las Partes en relación con la ejecución, interpretación o terminación del mismo se realizará por escrito y será entregada personalmente a la otra parte (bien por la remitente misma, bien por conducto notarial) o enviada por fax, por correo electrónico o por correo certificado con acuse de recibo (a elección de quien envía la comunicación) a las siguientes direcciones

**11.5** The Pledgor acknowledges that the exercise by the Security Agent of the faculties received under the irrevocable power of attorney may involve self-dealing and sub-delegation of powers of attorney, which the Pledgor expressly accepts and saves for the Security Agent and, if appropriate, for those who may be its assignees or successors. The Pledgor also expressly saves, authorizing it, self-dealing with respect to those in which the Security Agent replaces, sub-empowers or delegates the irrevocable power of attorney.

## **12. CANCELTION OF THE PLEDGE**

Once the Secured Obligations have been fully discharged or otherwise extinguished, the Pledge shall be automatically terminated and cancelled and the Secured Parties hereby undertake to execute, upon written request from the Pledgor and in the maximum term of fifteen (15) business days as from the date of such request, the corresponding public document of cancellation of the Pledge. The Parties to this Pledge expressly acknowledge that any taxes, costs or fees (including Notarial fees), and, if necessary, any notices sent in accordance with the said cancellation shall be borne by the Pledgor.

Notwithstanding the fully discharged of the Secured Obligations and the cancellation of the Pledge, in the event that any of the payments carried out to discharge the Secured Obligations are declared void or invalid during the course of a insolvency proceedings, and as a result of such nullity, the Secured Obligations result not to be fully discharged or otherwise extinguished, the Parties agree the revival of the terms and conditions of the Pledge to secure the Secured Obligations.

## **13. NOTICES**

**13.1** All notices or communications referred to in this agreement or made by any of the Parties to this agreement to one another as regards the execution, interpretation or termination of the agreement shall be made in writing and will, at the sender's choice, either be delivered to the other party in person (either by the sender personally or through a notary public) or sent by fax, electronic mail or certified post with delivery confirmation, to the following addresses:



**13.2** En el caso del Pignorante:

A la atención de [ ] [Dirección]  
Teléfono: [ ]  
Correo electrónico: [ ]

**13.3** En el caso de la Sociedad:

A la atención de [ ]  
[Dirección]  
Teléfono: [ ]  
Correo electrónico: [ ]

**13.4** En el caso del Agente de Garantías:

A la atención de [ ]  
[Dirección]  
Teléfono: [ ]  
Correo electrónico: [ ]

**13.5** La comunicación al Agente de Garantías y/o

a las Partes Garantizadas se entenderá válidamente realizada cuando se envíe al Pignorante el [ ] día hábil posterior a la recepción de la comunicación.

**13.2** For the Pledgor:

To the attn. of [ ] [address]  
Phone number: [ ]  
Email address: [ ]

**13.3** For the Company:

To the attn. of [ ]  
[address]  
Phone number: [ ]  
Email address: [ ]

**13.4** For the Security Agent:

To the attn. of [ ]  
[address]  
Phone number: [ ]  
Email address: [ ]

**13.6** Any notice served to the Security Agent

and/or the Secured Parties will be deemed correctly made provided it is sent to the Pledgor on the [ ] business day after delivery of the notice.

#### 14. IMPUESTOS Y GASTOS

Todos los honorarios, aranceles, costes y tributos que se devenguen y cualesquiera otros gastos razonables que se originen, ahora o en un futuro, por causa de la preparación, el otorgamiento y el cumplimiento de este Contrato y su intervención mediante esta póliza o su extensión, cesión, novación, corrección, enmienda, subsanación o cancelación, así como todas las costas y gastos de ejecución de la Prenda por cualesquiera procedimientos, incluidos los gastos y honorarios, de toda índole, de abogado y procurador (aun cuando la intervención de éstos no fuere preceptiva) así como los costes de novación y registro que resulten de la modificación de estatutos previstos bajo el presente Contrato serán abonados por el Pignorante o por cualquiera de las sociedades de su grupo.

#### 15. SUBSANACIÓN O COMPLEMENTO DEL CONTRATO

Si fuera requerido para ello por el Agente de Garantías (actuando razonablemente), el Pignorante se compromete a otorgar, en el plazo de diez (10) días hábiles desde la fecha de dicho requerimiento, cuantos documentos públicos o privados de subsanación, complemento documental o aclaración de este contrato fueran necesarios o convenientes.

El Agente de Garantías estará facultado para ser parte y otorgar cualquier documento público o privado en beneficio de las Partes Garantizadas, independientemente del derecho individual de cada Parte Garantizada a ser parte y suscribir los documentos mencionados junto con el Agente de Garantías, siempre que dicha Parte Garantizada se lo notifique al Agente de Garantías con al menos dos (2) días hábiles de antelación al día en que se otorguen dichos documentos públicos o privados.

#### 16. CESIÓN DE LA PRENDA

**16.1** El Pignorante y la Sociedad reconocen y acepta que las Partes Garantizadas pueden asignar y/o ceder su posición total o parcialmente en los Documentos de Financiación (y por tanto ceder su posición contractual bajo los Documentos de Financiación) o los derechos derivados de los mismos mediante cesiones de crédito, subrogaciones de posición contractual en dichos contratos o figuras equivalentes, según proceda, de conformidad con los términos de los Documentos de Financiación.

#### 14. TAXES AND EXPENSES

All fees, costs, and taxes, and any other expenses reasonably incurred, now or in the future, in connection with the drafting, execution and compliance with this Agreement, its notarial intervention by means of public document (*póliza*), or of its extension, assignment, novation, amendment or cancellation, as well as all judicial costs and enforcement costs in connection with any of the available proceedings in relation to the Pledge, including the fees and expenses of any nature of lawyers and procuradores (even when their involvement is not compulsory) and the novation and registration costs arising from the amendment of the by-laws provided in this Agreement shall be paid by the Pledgor or by any of the companies of its group.

#### 15. CORRECTIONS OR ADDITIONS TO THIS AGREEMENT

If so required by the Security Agent (acting reasonably), the Pledgor undertakes to appear and grant, within ten (10) business days as of the date of such request, as many public or private documents as may be necessary or convenient for the correction, addition or clarification of this agreement.

The Security Agent shall be entitled to appear and execute all such public or private documents for the benefit of the Secured Parties, irrespective of the right of each particular Secured Party to appear and execute the aforesaid documents along with the Security Agent, if such Secured Party so notifies to the Security Agent with at least two (2) business days prior notice to the date on which the public or private documents shall be executed.

#### 16. ASSIGNMENT OF THE PLEDGE

**16.1** The Pledgor and the Company hereby acknowledges and agrees that the Secured Parties may assign and/or transfer their position totally or partially under the Loan Documents (and hence assign their contractual position under the Loan Documents), or any rights arising therefrom by means of credits transfers, assignments or subrogation on contractual position or equivalent methods, as applicable, all in accordance with terms of the Loan Documents.

**16.2** El Pignorante y la Sociedad reconoce y acepta expresamente en este acto que, de acuerdo con el artículo 1528 del Código Civil, cualquier cesión efectuada por cualquiera de las Partes Garantizadas al amparo de lo dispuesto en los Documentos de la Financiación conllevará automáticamente, y sin necesidad de nuevo consentimiento del Pignorante o la Sociedad a tal efecto, la cesión proporcional de los derechos que corresponden a la Parte Garantizada en cuestión en virtud del presente Contrato.

**16.3** En consecuencia de lo anterior, las referencias que en este Contrato se realizan a las Partes Garantizadas se entenderán hechas, respectivamente a las entidades que en cada momento participen como Partes Garantizadas bajo los Documentos de la Financiación.

**16.4** El Agente de Garantías estará facultado para ser parte y otorgar cualquier documento público o privado en beneficio de las Partes Garantizadas, independientemente del derecho individual de cada Parte Garantizada a ser parte y suscribir los documentos mencionados junto con el Agente de Garantías, siempre que dicha Parte Garantizada se lo notifique al Agente de Garantías con al menos dos (2) días hábiles de antelación al día en que se otorguen dichos documentos públicos o privados.

## **17. INVALIDEZ PARCIAL**

La ilegalidad, invalidez o inejecutabilidad de cualquier disposición de este Contrato por cualquier causa no afectará en modo alguno a la legalidad, validez o ejecutabilidad de las restantes disposiciones del mismo.

Si fuera requerido para ello por el Agente de Garantías, el Pignorante se compromete a otorgar, en el plazo de quince (15) días naturales desde la fecha de dicho requerimiento, cuantos documentos públicos o privados de subsanación, complemento documental o aclaración de esta Prenda fueran necesarios o razonablemente convenientes para asegurar su validez, ejecutabilidad y prioridad de rango.

**16.2** The Pledgor and the Company hereby expressly acknowledges and agrees that, in accordance with article 1528 of the Spanish Civil Code, any assignment or transfer carried out by any of the Secured Parties under the provisions of the Loan Documents shall automatically entail and without the need of any further agreement of the Pledgor or the Company to such effect, the proportional assignment of the rights corresponding to such Secured Party by virtue of this Agreement.

**16.3** Consequently, references in this Agreement made to the Secured Parties shall be deemed made, respectively, to the entities which from time to time are Secured Parties under the Loan Documents.

**16.4** The Security Agent shall be entitled to appear and execute all such public or private documents for the benefit of the Secured Parties, irrespective of the right of each particular Secured Party to appear and execute the aforesaid documents along with the Security Agent, if such Secured Party so notifies to the Security Agent with at least two (2) business days prior notice to the date on which the public or private documents for such ratification shall be executed.

## **17. PARTIAL INVALIDITY**

If, for any reason, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect, neither the legality, validity nor enforceability of the remaining provisions will in any way be affected or impaired.

If so required by the Security Agent, the Pledgor undertakes to appear and grant, within fifteen(15) calendar days as of the date of such request, as many public or private documents as may be necessary or reasonably convenient for the correction, addition or clarification of this Pledge to secure its validity, enforceability and ranking priority.

## 18. IDIOMA

Este Contrato se otorga en idiomas español e inglés. En caso de que surgieran discrepancias entre ambas versiones, prevalecerá la versión española.

## 19. LEY APLICABLE Y JURISDICCIÓN

### 19.1 Ley aplicable

Este Contrato se registrá por la legislación común española.

### 19.2 Jurisdicción

En la medida en que tal sumisión resulte legalmente admisible, cada una de las Partes de este Contrato se somete irrevocablemente, con renuncia expresa al fuero que pudiera corresponderle, a la jurisdicción de los juzgados y tribunales de la ciudad de Madrid para el conocimiento y resolución de cualquier reclamación que pudiera derivarse del cumplimiento o interpretación de este Contrato.

## 20. INTERVENCIÓN NOTARIAL

Este Contrato y sus eventuales modificaciones se formalizan en póliza intervenida ante notario, con el fin de que ésta constituya título ejecutivo con respecto de todas las cantidades debidas en virtud del mismo, a todos los efectos previstos en el artículo 517.2.5° de LEC, el artículo 1.216 del Código Civil, así como la consideración de crédito con privilegio especial, a los efectos del artículo 90.1.6° de la Ley Concursal y demás disposiciones legales aplicables.

En prueba de lo cual, las Partes otorgan este contrato en póliza ante el notario de [ ], [ ], en la fecha y lugar indicado en el encabezamiento.

## 18. LANGUAGE

This agreement is executed in Spanish and English. In the event of discrepancies between the versions, the Spanish version shall prevail.

## 19. APPLICABLE LAW AND JURISDICTION

### 19.1 Governing Law

This Agreement shall be governed by the laws of Spain (*legislación común española*).

### 19.2 Jurisdiction

To the extent legally permissible, each Party hereby expressly and irrevocably submits to the jurisdiction of the Courts and Tribunals of Spain, specifically of the city of Madrid, for the resolution of any dispute that may arise in connection with this Agreement, and hereby waives its right to take proceedings in any other jurisdiction.

## 20. NOTARIAL INTERVENTION

This Agreement and any eventual amendments from time to time are formalised as public document (*póliza*) before notary public, with the aim that this document is considered an executive title with respect of any amounts owed under this Agreement and for the purposes and the effects set out in articles 517.2.5° of the Civil Procedure Law, article 1,216 of the Spanish Civil Code, as well as a specially privileged credit pursuant to article 90.1.6 of the Spanish Insolvency Act and other applicable legal provisions.

In witness whereof, the Parties grant this Agreement in public document (*póliza*) before the notary of [ ], [ ], on the date and place indicated above.

El presente Contrato se formaliza en póliza con la intervención del Notario de [ ], [ ] y de su Ilustre Colegio que figura en el encabezamiento.

Los otorgantes de la presente póliza manifiestan su conformidad y aprobación al contenido de la misma tal y como aparece redactado, extendida en \_\_\_\_\_hojas incluidos sus anexos, la otorgan y firman, con mi intervención en un (1) solo ejemplar al amparo de lo previsto en la Ley 36/2006 de 29 de Noviembre, e Instrucción de la Dirección General de los Registros y del Notariado de la misma fecha.

Y yo el Notario, habiendo hecho las oportunas advertencias legales, DOY FE de la identidad de los otorgantes, de la legitimidad de sus firmas, de que a mi juicio tienen la capacidad y legitimación necesarios para el otorgamiento de la presente póliza, de que el consentimiento ha sido libremente prestado, y de que el otorgamiento se adecua a la legalidad y a la voluntad debidamente informada de los otorgantes o intervinientes.

Las Partes se manifiestan conformes con el contenido de este Contrato y sus anexos, que aceptan y firman.

Con mi intervención,

[ ]

In witness whereof, the Parties grant this Agreement in public document (*póliza*) before the notary of [ ], [ ], on the date and place indicated above.

Anexo 1 /Annex 1

**Copia de los poderes otorgados a favor del Agente de Garantías por las Entidades Acreditantes / Copy of the Power of Attorney granted to the Security Agent by the Lenders**

Anexo 2 / Annex 2  
Copia de los Títulos de Propiedad / Copy of the Company's Quotas Certificate

Anexo 3 /Annex 3

**Modelo del certificado emitido por la Sociedad en relación con la anotación de la Prenda en el Libro Registro de Socios / Form of the certificate issued by the Company in relation with the registration of the Pledge into the Company's Shareholders Registry**

**Modelo del certificado emitido por la Sociedad en relación con la anotación de la Prenda en el Libro Registro de Socios**

**Form of the certificate issued by the Company in relation registration of the Pledge into the Company's Shareholders Registry**

En Madrid, a [ ] de [ ] de 2018

In Madrid, on [ ], [ ] 2018.

[ ], [carga en el órgano de administración] de sociedad, con domicilio en [ ], inscrita en el Registro Mercantil de [ ], y con número de identificación fiscal (N.I.F.) [ ], en vigor (la "Sociedad")

[ ], [office held] of the company with registered office located at [ ], registered with the Commercial Registry of [ ], and with tax identification number (N.I.F.) [ ], in force (the "Company").

**CERTIFICA**

**CERTIFIES**

- I. Que la sociedad [ ], es titular en pleno dominio de [ ] participaciones de [ ] euro de valor nominal cada una, números de la [ ] a la [ ], ambas inclusive (las "Participaciones") de la Sociedad las cuales se encuentran íntegramente asumidas y desembolsadas, libres de cargas y gravámenes y/o de cualesquiera derechos de terceros, que representan el [ ]% del capital social de la Sociedad, en virtud de [ ].
- II. Que la citada titularidad de las Participaciones consta debidamente anotada en el Libro Registro de Socios.
- III. Que las Participaciones tienen las mismas obligaciones y derechos y están libres de toda carga, gravamen o derechos de tercero, excepto el derecho real de prenda constituido sobre las mismas al que se hace referencia en el apartado V siguiente.
- IV. Que la Sociedad es conocedora que en virtud del contrato de prenda otorgado por [ ] en su condición de Pignorante, PNC Bank, National Association, en su condición de Agente de Garantías y la Sociedad,

- I. That the company [ ], owns in full domain [ ] quotas of Euro [ ] par value each, number [ ] to [ ], including both (the "Quotas") of the Company which are fully subscribed and paid, free from any lien, encumbrance or third party right, representing the [ ]% of the capital share of the Company, pursuant to [ ].
- II. That [ ] ownership of the Quotas is duly registered at the Company's Shareholders Registry.
- III. That the Quotas have the same rights and obligations and are free from any liens, encumbrances or third party rights, except for the in rem right of pledge referred in paragraph V below.
- IV. That the Company acknowledges that pursuant to a pledge agreement granted in this date by [ ] as Pledgor, PNC Bank, National Association as Security Agent and the Company, intervened as a public document



de esta misma fecha intervenida por el notario de [ ] [ ] (la “**Prenda**”), [ ] ha pignorado las Participaciones en garantía del cumplimiento puntual y total de las obligaciones que se derivan del Contrato de Financiación y el Contrato de Garantía descritos en la Prenda. A estos efectos la Sociedad hace constar que tiene conocimiento de la Prenda sobre la totalidad de las Participaciones, así como de los términos de la misma, y que la Prenda se ha anotado en el Libro Registro de Socios de la Sociedad. Se adjunta copia del Libro Registro de Socios como **Anexo 4**.

(*póliza*), by the notary of [ ] [ ] (the “**Pledge**”), [ ] has pledged the Quotas as security of the punctual and full performance of all the obligations assumed under the Credit Agreement and the Guaranty Agreement referred to in the Pledge. To these effects, the Company acknowledges that it is aware of the creation of the Pledge as well as the terms of said Pledge, and that the Pledge has been registered in the Company’s Shareholders Registry. Attached hereto as **Annex 4** is a copy of the Company’s Shareholders Registry.

V. Que no han sido creadas más participaciones por la Sociedad, ni existe ningún acuerdo adoptado por la Junta General de Accionistas de la Sociedad aumentando el capital social que se encuentre pendiente de ejecución o de inscripción en el Registro Mercantil o que no haya sido inscrito.

V. That the Company has not created more quotas, and that there is no resolution approved by the General Shareholder Meeting of the Company increasing the capital or pending execution or registration with the Commercial Registry or that has not been registered with the Commercial Registry.

Lo que se certifica a los efectos legales oportunos, en el lugar y fecha indicados en el encabezamiento.

Certified to all legal purposes, on the date and place indicated above.

[Cargo en el órgano de administración]

[Office held]

[\*]

[\*]

**[FIRMA LEGITIMADA NOTARIALMENTE]**

**[NOTARIZED SIGNATURE]**

Anexo 4 /Annex 4  
Copia del Libro Registro de Socios / Copy of the Company's Shareholders Registry

Date/Fecha \_\_\_\_\_ 2018

[]

Como Pignorante/as Pledgor

**PNC BANK, NATIONAL ASSOCIATION**  
Como Agente de Garantías/ as Security Agent

[]

Como Entidades Acreditantes/ as Secured Parties

---

**CONTRATO DE PRENDA SOBRE CUENTAS CORRIENTES/  
BANK ACCOUNTS PLEDGE AGREEMENT**

---



Squire Patton Boggs (UK) LLP  
Plaza Marqués de Salamanca, 3-4  
28006 Madrid  
Spain

---

En Madrid, a [ ] de [ ] de 2018.

In Madrid, on [ ], [ ] 2018.

**REUNIDOS**

**BETWEEN**

**DE UNA PARTE,**

**ON ONE HAND,**

[ ], sociedad existente y válidamente constituida de conformidad con las leyes de España, con domicilio en [ ], inscrita en el Registro Mercantil de [ ], y con número de identificación fiscal (N.I.F.) [ ], en vigor (“[ ]”). Actúa en su nombre y representación [ ], mayor de edad, de nacionalidad española, con documento nacional de identidad español (D.N.I.) número [ ], en vigor, debidamente facultado para este acto en su calidad de [ ], en virtud de la escritura pública otorgada ante el Notario de [ ] [ ] de fecha [ ] de [ ] de [ ], con número [ ] de su protocolo. En lo sucesivo, [ ] será denominado como el “**Pignorante**”.

[ ], a company duly incorporated pursuant to the laws of Spain, with registered office located at [ ], registered with Commercial Registry of [ ], and with tax identification number (N.I.F.) [ ], in force (“[ ]”). It is duly represented by [ ], of legal age, Spanish nationality, with Spanish ID (D.N.I.) number [ ], in force, duly empowered for these purposes in his capacity as [ ], by virtue of the public deed granted before the Notary of [ ] [ ] dated on [ ] [ ] [ ], with number [ ] of his records. Hereinafter, [ ] will be referred to as the “**Pledgor**”.

**Y DE OTRA PARTE,**

**AND ON THE OTHER HAND,**

**PNC BANK, NATIONAL ASSOCIATION**, sociedad existente y válidamente constituida de conformidad con las leyes de [ ], con domicilio social en [ ], inscrita en el Registro Mercantil de [ ] y con número de identificación fiscal (N.I.F.) [ ], en vigor (“**PNC**” o el “**Agente de Garantías**”). Actúa en su nombre y representación [ ], mayor de edad, de nacionalidad [ ], con número de [D.N.I./pasaporte] número [ ], en vigor, [y N.I.E. número [ ], en vigor,] debidamente facultado para este acto en su calidad de [ ], en virtud del poder otorgado ante Notario de fecha [ ], [ ], [ ].

**PNC BANK, NATIONAL ASSOCIATION** (hereinafter, “**PNC**” or the “**Security Agent**”), a company duly incorporated under the laws of [ ], with registered office located at [ ], registered with Commercial Registry of [ ] and with Tax Identification Number [ ]. It is duly represented by [ ], of legal age, [ ] nationality, with [ID/Passport] of his nationality number [ ], in force, [and with foreign identification (N.I.E.) number [ ], in force], duly empowered for these purposes in his capacity as [ ], by virtue of the power of attorney granted before Notary dated on [ ], [ ], [ ].

Asimismo, el Agente de Garantías comparece y actúa en nombre propio y por cuenta y representación de las entidades acreditantes [ ], [ ], [ ], [ ], [ ], [ ] y [ ] (denominadas conjuntamente junto con PNC como las “**Entidades Acreditantes**”) en virtud de su designación como Agente de Garantías según lo dispuesto en la cláusula [ ] del contrato de financiación formalizado el [ ] de [ ], de 2018 entre Ferroglobe PLC, PNC, [ ], [ ], [ ], [ ], [ ], [ ], [ ], [ ], Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. y FerroPem, S.A.S., entre otros, elevado a público con fecha [ ], de 2018, ante el Notario [ ], con número [ ] de su protocolo, así como en virtud de los apoderamientos señalados en el **Anexo 1**. En lo sucesivo las Entidades Acreditantes y el Agente de Garantías serán designados conjuntamente como las “**Partes Garantizadas**” y cada uno de ellos, de

Likewise, the Security Agent appear and acts in his own name and on behalf of the lenders [ ], [ ], [ ], [ ], [ ], [ ] and [ ] (jointly referred together with PNC as the “**Lenders**”), by virtue of his appointment as Security Agent under clause [ ] of the credit facility agreement signed on [ ] 2018 by and among Ferroglobe PLC, PNC, [ ], [ ], [ ], [ ], [ ], [ ], [ ], [ ], Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. and FerroPem, S.A.S., among others, raised into public deed on [ ] [ ] 2018, before the Notary public [ ], with number [ ] of his records, as well as by virtue of the power of attorney listed hereto as **Annex 1**. Hereinafter, the Lenders and the Security Agent shall be referred to jointly as the “**Secured Parties**” and each of them shall be referred to individually as a “**Secured Party**”.

forma individual, como él o una “**Parte Garantizada**”.

Asimismo, el Pignorante y las Partes Garantizadas serán denominados, conjuntamente, como las “**Partes**”.

Las Partes se reconocen mutuamente la capacidad legal necesaria para la suscripción del presente acuerdo y, a tal efecto,

Likewise, the Pledgor and the Secured Parties shall be jointly referred to as the “**Parties**”.

The Parties mutually acknowledge that they have sufficient legal capacity to enter into this agreement and, to this effect,

#### EXPONEN

- I. Que, con fecha de [ ] de [ ] de 2018, PNC en su calidad de Entidad Acreditante y Agente de Garantías, las Entidades Acreditantes, Ferroglobe PLC como acreditada (la “**Acreditada**”), Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. y FerroPem, S.A.S. en calidad de garantes (los “**Garantes**” y conjuntamente con la Acreditada, las “**Partes Financieras**”) entre otros, han suscrito un contrato de financiación (*Credit Agreement*) por importe máximo de USD 250.000.000, sujeto a la legislación del estado de Nueva York, Estados Unidos de América (en adelante, tal y como sea novado, modificado o suplementado en cada momento, el “**Contrato de Financiación**”), en virtud del cual se han concedido diversas facilidades crediticias a la Acreditada. El Contrato de Financiación fue elevado a público con fecha [ ], de 2018, ante el Notario [ ], con número [ ] de su protocolo.
- II. Que, con fecha [ ] de [ ] de 2018, el Agente de Garantías, Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. y FerroPem, S.A.S., entre otros, han suscrito un contrato de garantía (Continuing Agreement of Guaranty and Suretyship), en virtud del cual los Garantes han accedido a garantizar como obligado principal los importes adeudados por la Acreditada bajo el Contrato de Financiación (el “**Contrato de Garantía**”). El Contrato de Garantía fue elevado a público con fecha [ ], de 2018, ante el Notario [ ], con número [ ] de su protocolo.
- III. Que el Pignorante es titular del saldo acreedor depositado en las cuentas corrientes indicadas en el **Anexo 2** (las “**Cuentas Corrientes**”) y,

#### RECITALS

- I. Whereas, on [ ] [ ], 2018, PNC as Lender and Security Agent, the Lenders, Ferroglobe PLC as borrower (the “**Borrower**”), Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. and FerroPem, S.A.S. as guarantors (the “**Guarantors**” and together with the Borrower the “**Loan Parties**”), among others, have entered into a credit facility agreement up to the maximum amount of USD 250,000,000, under the laws of the state of New York, United States of America (hereinafter, as it may be amended, novated or supplemented from time to time, the “**Credit Agreement**”) under which certain credit facilities have been granted to the Borrower. The Credit Agreement was raised into public deed on [ ] [ ] 2018, before the Notary public [ ], with number [ ] of his records.
- II. Whereas, on [ ] [ ], 2018, the Security Agent, Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. and FerroPem, S.A.S, among others, have entered into a continuing agreement of guaranty and suretyship, under which the Guarantors have agreed to secure as primary obligor, the amounts owed by the Borrower under the Credit Agreement (the “**Guaranty Agreement**”). The Guaranty Agreement was raised into public deed on [ ] [ ] 2018, before the Notary public [ ], with number [ ] of his records.
- III. The Pledgor holds the creditor balance deposited in the bank accounts identified in **Annex 2** (the “**Bank Accounts**”) and therefore holds the corresponding credit rights (the

consecuentemente, de los correspondientes derechos de crédito (los "**Derechos de Crédito**") frente a los bancos en los que dichas Cuentas Corrientes están aperturadas y por tanto del cobro de las cantidades depositadas en cada momento en las Cuentas Corrientes, en virtud de los respectivos contratos de apertura de cuenta corriente. En lo sucesivo los bancos descritos en el **Anexo 2** serán denominados conjuntamente los "**Bancos de Cuentas**".

"**Credit Rights**") against the banks where such Bank Accounts are held, to obtain the refund of the amounts deposited from time to time in the Bank Accounts, stemming from the respective bank accounts opening agreements. Hereinafter the banks listed hereto as **Annex 2** will be jointly referred to as the "**Accounts Banks**".

IV. Que, el otorgamiento de ciertas garantías, incluyendo la creación de un derecho real de prenda de primer rango sobre los derechos de crédito para la restitución del saldo acreedor depositado en todas y cada una de las Cuentas Corrientes se ha establecido como una condición precedente bajo el Contrato de Financiación.

IV. Whereas, the granting of certain security, including the creation of a first ranking pledge over the credit rights for the reimbursement of the creditor balance deposited in each and all of the Bank Accounts, it has been set out as a condition precedent under the Credit Agreement.

V. Que, a tal efecto, con objeto de garantizar el íntegro y puntual cumplimiento de la totalidad de las obligaciones asumidas por las Partes Financieras bajo el Contrato de Financiación y el Contrato de Garantía, el Pignorante está de acuerdo en otorgar una prenda de primer rango sobre los derechos de crédito para la restitución de los saldos acreedores depositados en todas y cada una de las Cuentas Corrientes a favor de las Partes Garantizadas (la "**Prenda**").

V. Whereas, to this purpose, as security of the punctual and full performance of all the obligations assumed by the Loan Parties under the Credit Agreement and the Guaranty Agreement, the Pledgor agrees to grant a first ranking pledge over the credit rights for the reimbursement of the creditor balance deposited in each and all of the Bank Accounts in favor of the Secured Parties (the "**Pledge**").

VI. Que, según lo expuesto, las Partes, convienen suscribir el presente contrato de prenda (en lo sucesivo, el "**Contrato de Prenda**" o el "**Contrato**"), que se regirá por las siguientes

VI. That, in light of the above, the Parties have agreed to execute this pledge agreement (the "**Pledge Agreement**", or the "**Agreement**") which will be governed by the following

#### CLÁUSULAS

#### CLAUSES

##### 1. INTERPRETACIÓN Y DEFINICIONES

##### 1. DEFINITIONS AND INTERPRETATION

Los términos que aparecen en mayúsculas en el presente Contrato tendrán el significado que aquí se establece:

Capitalised terms shall have the meanings as set out herein:

"**Agente de Garantías**" significa PNC Bank, National Association.

"**Security Agent**" means PNC Bank, National Association.

"**Certificación de Deuda**" significa la certificación que expida por el Agente de Garantías en la que conste el saldo adeudado por el Pignorante a la que se refiere el apartado [ ] posterior.

"**Amount Owed Certificate**" means the certificate issued by the Security Agent indicating the amount owed by the Pledgor described in section [ ] below.

“**Contrato de Financiación**” tendrá el significado referido en el Expositivo I anterior.

“**Contrato de Garantía**” significa el Contrato Continuo de Garantía y Afianzamiento referido en el Expositivo II anterior.

“**Cuentas Corrientes**” significa las cuentas corrientes de las que el Pignorante es titular enumeradas en el **Anexo 2**.

“**Derechos de Crédito**” significa el derecho del Pignorante a la restitución del saldo acreedor depositado en cada uno de los Bancos de Cuentas donde estén abiertas todas y cada una de las Cuentas Corrientes.

“**Documentos de la Financiación**” significa el presente Contrato, el Contrato de Garantía, el Contrato de Financiación, así como cualesquiera otros documentos que noven, clarifiquen, rectifiquen o sustituyan los documentos anteriormente mencionados.

“**Entidades Acreditantes**” significa PNC, [ ], [ ], [ ], [ ], [ ], [ ], [ ] y [ ].

“**Obligaciones Garantizadas**” significa todas las obligaciones de pago presentes y futuras adeudadas por la Acreditada o los Garantes a todas o cualquiera de las Partes Garantizadas bajo los Documentos de Financiación, incluyendo (a) en la medida en que surja de conformidad con el Contrato de Financiación o cualquiera de los Documentos de la Financiación, todos y cada uno de los préstamos, anticipos, deudas, responsabilidades y obligaciones, adeudadas a las Partes Garantizadas en cualquier capacidad, de cualquier tipo o naturaleza, presentes o futuros (ya sea en el capital principal, intereses, honorarios, costes, gastos, comisiones, accesorios y otros importes adeudados, evidenciados o no mediante pagare, garantía u otro instrumento, ya sea o no para el pago de dinero), absolutas o contingentes, mancomunados o solidarias, vencidas o próximas a su vencimiento, presentes o surgidas en el futuro, contractuales o perjudiciales, liquidadas o sin liquidar, independientemente de cómo surja dicho endeudamiento o responsabilidad, o si se evidencia por cualquier acuerdo o instrumento, (b) todos y cada uno de los importes vencidos

“**Credit Agreement**” shall have the meaning described in Recital I above.

“**Guaranty Agreement**” means the Continuing Agreement of Guaranty and Suretyship described in Recital II above.

“**Bank Accounts**” means the bank accounts held by the Pledgor listed in **Annex 2** below.

“**Credit Rights**” means the Pledgor's right to the reimbursement of the creditor balance deposited with each of the Accounts' Banks where each and all of the Banks Accounts are held.

“**Loan Documents**” means this Agreement, the Guaranty Agreement, the Credit Agreement, as well as any other documents that amend, clarify, rectify or replace the aforementioned documents.

“**Lenders**” means PNC [ ], [ ], [ ], [ ], [ ], [ ] and [ ].

“**Secured Obligations**” means all present and future payment obligations and liabilities owed by the Company or the Guarantors to all or any of the Secured Parties under the Loan Documents, including (a) to the extent arising pursuant to or in connection with the Credit Agreement or any other Loan Documents, any and all loans, advances, debts, liabilities and obligations owed to the Secured Parties in any capacity whatsoever, of any kind or nature, present or future (whether in principal, interest, fees, costs, expenses, commissions, accessories and other amounts due, whether or not evidenced by a note, guaranty or other instrument, whether or not for the payment of money), absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, contractual or tortious, liquidated or unliquidated, regardless of how such indebtedness or liabilities arise or whether evidenced by any agreement or instrument, (b) any and all amounts due under any and all Foreign Currency Hedge (as defined in the Credit Agreement) and/or Interest Rate Hedge (as defined in the Credit Agreement) and (c) any amounts due under any Other Lender Provided Financial Service Product, all as further defined in the Credit Agreement.

en virtud del Derivado de Cobertura sobre Divisa Extranjera (según este término se define en el Contrato de Financiación) y/o el Derivado del Tipo de Interés (según se define en el Contrato de Financiación) y (c) cualquier cantidad adeudada bajo cualquier otro Producto de Servicios Financieros Otorgado por Otra Entidad Acreditante, todo ello según lo definido en el Contrato de Financiación. Sin perjuicio de cualquier disposición contraria establecida en lo anterior, las Obligaciones Garantizadas no incluirán ningún Pasivo de Cobertura Excluido, tal como se define en el Contrato de Financiación.

“**Partes Financieras**” significa Ferroglobe PLC, Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. y FerroPem, S.A.S.

“**Partes Garantizadas**” PNC, [ ], [ ], [ ], [ ], [ ], [ ] y [ ].

“**Supuesto de Ejecución**” significa lo dispuesto en la Cláusula 8.1 siguiente.

“**Supuesto de Incumplimiento**” significa lo dispuesto en la cláusula 9 (*Event of Default*) del Contrato de Financiación.

## 2. CONSTITUCIÓN DE PRENDA DE PRIMER RANGO

2.1 En garantía del íntegro y puntual cumplimiento de las Obligaciones Garantizadas y sin perjuicio de la responsabilidad patrimonial universal del Pignorante prevista en el artículo 1.911 del Código civil y que no se entiende limitada en modo alguno por el otorgamiento de la Prenda, el Pignorante constituye un derecho real de prenda de primer rango sobre los Derechos de Crédito pignorados de su titularidad sobre el saldo acreedor depositado en todas y cada una de las Cuentas Corrientes, a favor de las Partes Garantizadas, que lo aceptan, en garantía del cumplimiento de las Obligaciones Garantizadas. El Agente de Garantías acepta expresamente el derecho real de prenda en su propio nombre y derecho y en nombre y representación de los restantes Partes Garantizadas.

Notwithstanding anything to the contrary contained in the foregoing, the Secured Obligations shall not include any Excluded Hedge Liabilities, as defined in the Credit Agreement.

“**Loan Parties**” means Ferroglobe PLC, Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. and FerroPem, S.A.S.

“**Secured Parties**” means PNC [ ], [ ], [ ], [ ], [ ], [ ] and [ ].

“**Enforcement Event**” has the meaning given under Clause 8.1 below.

“**Event of Default**” has the meaning given under clause 9 (*Event of Default*) of the Credit Agreement.

## 2. CREATION OF A FIRST RANKING PLEDGE

2.1 As security of full and timely fulfilment of all the Secured Obligations, and without prejudice to the general liability (*responsabilidad patrimonial universal*) of the Pledgor under section 1,911 of the Spanish Civil Code, which shall not be limited in any way by the creation of this Pledge, the Pledgor hereby grants a first ranking in rem right of pledge over the Credit Rights pledged it owns over the creditor balance deposited in each and all the Bank Accounts in favor of the Secured Parties, which accept the Pledge granted in their favor, as security for the fulfillment of the Secured Obligations. The Security Agent hereby expressly accepts the creation of the in rem right of pledge in its own name and in name and on behalf of the Secured Parties.



- 2.2 La Prenda constituida en virtud del presente contrato se constituye como prenda con desplazamiento posesorio de conformidad con los artículos 1.526, 1.857 y 1.865 del Código Civil, por lo que la Prenda será plenamente eficaz y oponible frente a terceros y frente a la Acreditada y los Garantes desde el momento del otorgamiento de la presente Prenda.
- 2.2 The Pledge created in this document is a pledge with transfer of possession (*prenda con desplazamiento*) under sections 1,526, 1,857, and 1,865 of the Spanish Civil Code, so that the Pledge will be fully effective and enforceable against third parties and against the Borrower or the Guarantors from the time upon the granting of this Pledge.
3. ENTREGA DE LA POSESIÓN
3. DELIVERY OF POSSESSION
- La Prenda constituida en el presente Contrato es efectiva desde el mismo momento de su otorgamiento, conforme a lo previsto en el artículo 90.1.6° de la Ley Concursal, entendiéndose producida a todos los efectos la transmisión de la posesión de los Derechos de Crédito pignorados, conforme a lo previsto en el artículo 1.863 del Código Civil.
- The Pledge created in this Agreement is effective from the moment of its granting, in accordance with section 90.1.6 of the Insolvency Act, and therefore having produced, to all effects, the transfer of possession of the Credit Rights pledged, under section 1,863 of the Spanish Civil Code.
- No obstante lo anterior, las Partes instruyen por la presente al Notario interviniente a fin de que realice, a la mayor brevedad posible, la notificación de la constitución de la Prenda y del contenido de éste Contrato por correo certificado con acuse de recibo a los Bancos de Cuentas que constan en el Anexo 2, en su condición de deudores de los Derechos de Crédito pignorados, a cuyo efecto, las Partes le entregan una carta con el modelo de notificación que se adjunta como Anexo 3.
- Notwithstanding the foregoing, the Parties hereby instruct the attesting Notary to notify, as soon as possible, in writing the creation of the Pledge and the provisions of this Agreement by registered mail with acknowledgement to the Account Banks listed in Annex 2, in their condition as debtors of the Credits Rights pledged, to this effect, the Parties hereby deliver to the Notary a notice form attached hereto as Annex 3.
- En este sentido, el Pignorante se compromete a realizar sus mejores esfuerzos a fin de obtener de los Bancos de Cuentas que hayan sido notificados por el Notario interviniente, el preceptivo acuse de recibo firmado por todos y cada uno de los Bancos de Cuentas, mediante el envío del modelo de carta adjunto como Anexo 3 (Parte B) al Agente de Garantías, en el plazo de dos (2) meses tras la notificación efectuada por el Notario.
- In this sense, the Pledgor undertakes to make its best efforts in order to obtain the acknowledgment of receipt from each and all the Account Banks that have been notified by the intervening Notary, by sending to the Security Agent the notice form attached hereto as Annex 3 (Part B), within two (2) months as of the date of being notified by the Notary.
4. INDIVISIBILIDAD DE LA PRENDA
4. INDIVISIBILITY OF THE PLEDGE
- 4.1 La Prenda que se constituye a favor de las Partes Garantizadas garantiza el íntegro y total cumplimiento de la totalidad de las Obligaciones Garantizadas.
- 4.1 The Pledge granted for the benefit of the Secured Parties secures the payment and discharge of all of the Secured Obligations.
- 4.2 La Prenda y el ejercicio de la acción real pignoraticia que lleva aparejada se entienden sin perjuicio de las obligaciones que para la Acreditada y los Garantes se derivan de
- 4.2 The Pledge and the exercise of the pledge enforcement attached will be deemed to be without prejudice to the obligations assumed by the Borrower and the Guarantors under the

Documentos de la Financiación, que no se entienden limitadas en modo alguno por la constitución de la Prenda.

Loan Documents, which shall not be limited whatsoever by the creation of this Pledge.

4.3 La Prenda tiene el carácter de indivisible. En consecuencia, los Derechos de Crédito pignorados garantizan el integro cumplimiento de las Obligaciones Garantizadas. El cumplimiento parcial de las Obligaciones Garantizadas no extinguirá proporcionalmente la Prenda, que sólo se cancelará una vez que hayan sido íntegramente satisfechas la totalidad de las Obligaciones Garantizadas.

4.3 This Pledge is granted with an indivisible nature. Consequently, the Credits Rights pledged secure the full payment and discharge of all of the Secured Obligations. The partial discharge of the Secured Obligations will not proportionally extinguish the Pledge, which may only be cancelled after the Secured Obligations are discharged in full.

## 5. EXTENSIÓN DE LA PRENDA

## 5. EXTENSION OF THE PLEDGE

### 5.1 Sustitución de activos

### 5.1 Substitution of assets

La Prenda sobre los Derechos de Crédito pignorados se extenderá y comprenderá, con carácter enunciativo, pero no limitativo a:

The Pledge over the Credit Rights pledged shall extend to and comprise, including but not limited to:

- (a) Dinero en efectivo, entendiéndose por tal el saldo acreedor depositado en las Cuentas Corrientes en cualquier divisa que se encuentren en cada momento abonado en las Cuentas Corrientes a favor del Pignorante, así como los intereses que dichos fondos pudieran devengar a favor del Pignorante;
- (a) Cualesquiera cantidades en efectivo de las que sea titular la Pignorante en que pudieran convertirse los Derechos de Crédito pignorados, por razón de cualquier negocio jurídico realizado sobre los mismos por el Pignorante;
- (b) Cualquier interés o rendimiento económico generado por los Derechos de Créditos pignorados en todas y cada una de las Cuentas Corrientes; y
- (c) Cualesquiera bienes o derechos del Pignorante que sustituyeran a los Derechos de Crédito pignorados, incluidos los derivados de la novación o la sustitución de los Derechos de Crédito y/o de los Documentos de Financiación.

- (b) Monies, and to this effects the creditor balance which may be deposited from time to time in the Bank Accounts, as well as any interest and proceeds arising in connection therewith which may accrue in favor of the Pledgor;
- (c) Any monies owned by the Pledgor in which the Credit Rights pledged may be converted, by reason of any legal transaction carried out on them by the Pledgor;
- (d) Any interest or economic return generated by the Credit Rights pledged in each and all of the Bank Accounts; y
- (e) Any of the Pledgor's assets or rights that, from time to time, replace the Credit Rights pledged, including those derived from the novation or substitution of the Credit Rights pledged and/or the Loan Documents.

Sin perjuicio de que la extensión de la Prenda operará de manera automática cuando ocurra cualquiera de las circunstancias descritas anteriormente, el Pignorante se compromete, sujeto a los términos de Documentos de la Financiación, a otorgar cuantos documentos públicos o privados sean necesarios a los efectos de perfeccionar y evidenciar dicha extensión en un plazo de un (1) mes desde el momento en el que tenga lugar cualquiera de las circunstancias anteriores.

## **6. OBLIGACIONES DEL PIGNORANTE**

**6.1** En tanto subsista la Prenda, el Pignorante no podrá gravar o disponer de cualquier otra manera de los Derechos de Crédito pignorados excepto con el consentimiento previo y por escrito de las Partes Garantizadas a través del Agente de Garantías.

**6.2** Sin perjuicio de lo anterior, el Pignorante podrá a disponer de los Derechos de Crédito pignorados en el curso ordinario del negocio, en los términos recogidos en los Documentos de la Financiación, a menos que se haya producido y notificado al Pignorante cualquier Supuesto de Incumplimiento (Event of Default) de las Obligaciones Garantizadas en los términos descritos en la cláusula 9 del Contrato de Financiación.

**6.3** Durante el plazo de vigencia de la Prenda, el Pignorante se compromete incondicional e irrevocablemente a:

- (a) no adoptar, o permitir la adopción de ninguna actuación que pueda perjudicar los derechos bajo la Prenda a favor de las Partes Garantizadas, tales como la prioridad de las Obligaciones Garantizadas, la ejecución de la Prenda, la naturaleza legal de los Derechos de Crédito pignorados o similares;
- (b) no gravar, crear ningún derecho de preferencia, o aceptar la creación o imposición de cualquier carga o gravamen, derecho u opción o restricción en la transferibilidad de los Derechos de Crédito pignorados hasta que las Obligaciones Garantizadas hayan sido satisfechas incondicional e irrevocablemente en su totalidad y la Prenda haya sido liberada en su totalidad (salvo autorización por parte de las Partes Garantizadas);

Without prejudice to the extension of the Pledge operating automatically upon the occurrence of any of the events described above, the Pledgor undertakes, subject to the terms of the Loan Documents, to execute all such public and/or private documents which may be necessary for the purposes of perfecting and evidencing such extension within one (1) month following the occurrence of any of such events above.

## **6. UNDERTAKINGS OF THE PLEDGOR**

**6.1** During the term of this Pledge, the Pledgor shall not be entitled to encumber, charge or in any manner dispose of the Credit Rights pledged except with the prior written consent of the Secured Parties through the Security Agent.

**6.2** Without prejudice, the Pledgor shall dispose the Credit Rights pledged for the reimbursement of the creditor balance in each and all of the Bank Accounts in the course of the ordinary business, under the provisions of the Loan Documents, provided that no Event of Default of any of the Secured Obligations has occurred and has been notified to the Pledgor, under clause 9 of the Credit Agreement.

**6.3** The Pledgor unconditionally and irrevocably undertakes, during the term of the Pledge:

- (a) not to take, or permit the taking of, any step that may impair the rights under the Pledge in favor of the Secured Parties, as the priority of the Secured Obligations, enforceability of the Pledge, legal nature of the Credit Rights pledged or the like;
- (b) not to encumber, create any preemptive right over, or accept the creation or imposition of any charge or encumbrance, right or option or restriction on the transferability of the Credit Rights pledged until the Secured Obligations have been unconditionally and irrevocably satisfied in full and the Pledge has been fully released (unless permitted by the Secured Parties);

- (c) no realizar cualesquiera actuaciones u omisiones que puedan perjudicar sustancialmente los derechos de las Partes Garantizadas bajo la Prenda;
- (d) notificar al Agente de Garantías sobre cualquier situación que pueda conducir a un procedimiento concursal que implique la imposibilidad del Pignorante para cumplir sus obligaciones;
- (e) notificar al Agente de Garantías en quince (15) días hábiles tras tener noticia de cualquier procedimiento de naturaleza judicial o extrajudicial que pudiera afectar a los Derechos de Crédito pignorados, las Cuentas Corrientes o la presente Prenda;
- (f) no abrir y/o usar cuentas bancarias distintas de las Cuentas Corrientes, excepto con la autorización previa de las Partes Garantizadas; y

- (c) to refrain from any act or omission which could materially prejudice the rights of the Secured Parties under the Pledge;
- (d) to notify the Security Agent of any situation that could lead to a formal insolvency proceeding (procedimiento concursal) involving the Pledgor or that may imply the inability of the Pledgor to fulfill its obligations;
- (e) to report to the Security Agent within fifteen (15) business days any proceeding of any court or any out of court process that may affect the Credit Rights pledged, the Bank Accounts or this Pledge;
- (f) not to open and/or use bank accounts other than the Bank Accounts, except with the prior consent of the Secured Parties; and

**7. DECLARACIONES Y GARANTÍAS DEL PIGNORANTE**

El Pignorante declara y garantiza, en beneficio de las Partes Garantizadas:

- (a) Que es una sociedad válidamente constituida y debidamente inscrita en el Registro Mercantil competente y ostenta plena capacidad de obrar;
- (b) Que tiene capacidad para suscribir y cumplir el presente Contrato y ha realizado todas las actuaciones necesarias para autorizar el otorgamiento y cumplimiento del mismo;
- (c) Que las Cuentas Corrientes son las únicas cuentas corrientes abiertas y mantenidas por el Pignorante;
- (d) Que sobre los Derechos de Crédito pignorados no pesa ninguna carga, gravamen, o cualquier otro tipo de derecho a favor de terceros;
- (e) Que es el único titular de las Cuentas Corrientes;
- (f) Que a su leal saber y entender, la constitución de la presente Prenda no contradice ninguno de los contratos,

**7. REPRESENTATIONS AND WARRANTIES OF THE PLEDGOR**

The Pledgor represents and warrants, for the benefit of the Secured Parties:

- (a) That is a company validly incorporated and duly registered with the relevant Commercial Registry and has full capacity to act;
- (b) That is authorised to enter into and fulfil this Agreement and has carried out all necessary actions to authorise the granting and fulfilment thereof;
- (c) That the Bank Accounts are the only bank accounts opened and maintained by the Pledgor;
- (d) That such Credit Rights pledged are free and clear of any lien, encumbrance or other type of third party' right;
- (e) That, the Pledgor is the sole owner of the Bank Accounts;
- (f) That to the best of its knowledge, the constitution of this Pledge does not conflict any contracts, obligations, agreements,

obligaciones, acuerdos, compromisos, cargas o regulaciones de las que sea parte o por las que esté obligado, ni supone el incumplimiento de sus términos y condiciones, habiendo sido obtenido, en caso de ser necesarios, todos los consentimientos oportunos al efecto de evitar el incumplimiento de cualquier compromiso adquirido con anterioridad al otorgamiento del presente Contrato; y

- (g) Que el otorgamiento de este Contrato, junto con el desplazamiento posesorio referido en la Cláusula 3 anterior, constituye y crea una garantía real de primer rango sobre los Derechos de Crédito pignorados en favor de las Partes Garantizadas en garantía del cumplimiento de las Obligaciones Garantizadas.

## 8. EJECUCIÓN DE LA PRENDA

### 8.1 Supuesto de Ejecución

Será causa de ejecución de la Prenda un Supuesto de Incumplimiento continuado (el "**Supuesto de Ejecución**").

### 8.2 Determinación de la cantidad líquida

Las Partes acuerdan expresamente que la cantidad vencida, líquida y exigible en caso de ejecución de la Prenda (por cualquiera de los procedimientos aplicables) y a los efectos de los artículos 572 y 573 de la Ley de Enjuiciamiento Civil, será la especificada en la certificación que expida el Agente de Garantías de conformidad con la cláusula [ ] del Contrato de Financiación en la que conste el saldo adeudado por la Acreditada o los Garantes a las Partes Garantizadas y que será calculado de conformidad con lo dispuesto en el Contrato de Financiación.

### 8.3 Ejecución por el Agente de Garantías

La ejecución de la Prenda y la realización de cualesquiera acciones de defensa o preservación de la misma, será llevada a cabo por el Agente de Garantías, en nombre y representación de aquéllos y siguiendo las instrucciones que a tal efecto le faciliten los mismos.

undertakings, charges or regulations to which it is a party or by which it is bound, nor it will imply the breach of such terms and conditions, having been obtained, should it be necessary, all necessary consents in order to avoid the breach of any commitment assumed prior to the execution of this Agreement; and

- (g) That the execution of this Agreement, together with the displacement of possession referred to in Clause 3 above, creates a first ranking in rem right of pledge over the Credit Rights pledged in favor of the Secured Parties as security of the Secured Obligations.

## 8. ENFORCEMENT OF THE PLEDGE

### 8.1 Enforcement Event

The Pledge will be enforceable upon the occurrence of an Event of Default, which is continuing (the "**Enforcement Event**").

### 8.2 Due and payable amount

The Parties expressly agree that in the event of enforcement of the Pledge (following any of the applicable procedures) the amount due and payable pursuant to the provisions of articles 572 and 573 of the Civil Procedural Law will be the amount specified in the certificate issued by the Security Agent in accordance with clause [ ] of the Credit Agreement setting out the amount owed by the Borrower or the Guarantors to the Secured Parties, calculated in accordance with the Credit Agreement.

### 8.3 Enforcement by the Security Agent

The enforcement of the Pledge and any acts in defence or preservation of the Pledge shall be carried out by the Security Agent acting on their behalf and upon their instructions.

#### 8.4 Procedimientos de ejecución

Para el ejercicio de la acción real pignoraticia, las Partes Garantizadas podrán entablar, a su elección, cualquiera de los procedimientos que legalmente les asisten, y en particular:

- (a) los judiciales ordinarios, declarativos o de ejecución;
- (b) el procedimiento ejecutivo para bienes hipotecados o pignorados establecido en los artículos 681 a 698 de la Ley de Enjuiciamiento Civil, en relación con el artículo 635 de esa misma ley, aceptando desde ya las Partes la posibilidad de ejecución a través de persona o entidad especializada del art. 641 LEC a solicitud del Agente de Garantías a su discreción;

Para el caso de que el Agente de Garantías, en nombre de las Partes Garantizadas, decida seguir el procedimiento de ejecución, bastará para la ejecución de la Prenda la presentación de los siguientes documentos: (i) certificación expedida en la que se exprese el saldo resultante de la liquidación efectuada por el Agente de Garantías, así como el extracto de las partidas de cargo y abono y las correspondientes a la aplicación de intereses que determinan el saldo concreto por el que se pide el despacho de ejecución; (ii) documento fehaciente que acredite haberse practicado la liquidación en la forma pactada por las partes en el Contrato de Financiación; (iii) documento que acredite haberse notificado al Pignorante la cantidad exigible; y (iv) el título ejecutivo y demás documentos a que se refiere el artículo 550, en la forma prevista en el artículo 517.2 de la LEC; o

- (c) los procedimientos establecidos en el artículo undécimo y siguientes del Real Decreto Ley 5/2005, de 11 de marzo, de reformas urgentes para el impulso de la productividad y para la mejora de la contratación pública (el "RDL 5/2005");

#### 8.4 Enforcement procedures

For the purposes of the enforcement of the Pledge, the Secured Parties may, at their discretion initiate any legal proceedings available, in particular:

- (a) ordinary, declarative or enforcement judicial proceedings;
- (b) the enforcement proceeding for mortgaged or pledged assets established in articles 681 to 693 of the Civil Procedural Law, in conjunction with article 635 of that same act. The Parties expressly accept that the Security Agent will be entitled to request the enforcement through an specialized entity or person should it deem it fit, at its sole discretion;

If the Security Agent decides to follow the special enforcement procedure in order to enforce the Pledge, the following documents shall be sufficient: (i) certification issued, upon which the amount calculated by the Security Agent is set out, as well as the extracts of the debit and credit entries and those relating to the application of interest that comprise the specific balance for which enforcement is requested; (ii) the document evidencing that the calculation of the amounts owing has been made in accordance with the Credit Agreement; (iii) the document certifying prior notice to the Pledgor of the amounts due and payable; and (iv) the title of enforcement and other documents to which article 550 of the Civil Procedure Law refers in the form provided in article 517 of said law; or

- (c) the proceedings referred to in article 11 of Royal Decree-Law 5/2005, of 11 March in relation to urgent measures for improving productivity and public contracting ("RDL 5/2005");

cumpliendo en cada caso los requisitos del procedimiento elegido, sin que la utilización de una vía precluya la posibilidad de acudir a cualquiera de las restantes, en tanto las Obligaciones Garantizadas no hayan sido satisfechas en su integridad o extinguidas de otro modo.

#### 8.5 Procedimiento de ejecución bajo el RDL 5/2005

Para el caso de que las Partes Garantizadas, procediesen a la ejecución de la Prenda por el procedimiento previsto en el artículo 11 del RDL 5/2005, las Partes convienen lo siguiente:

- (a) El valor de ejecución de los Derechos de Crédito pignorados será su valor nominal.
- (b) Las Partes Garantizadas podrán ejecutar la Prenda bien mediante la venta de los Derechos de Crédito pignorados a cualquier tercero, siendo el precio mínimo de venta el valor nominal que corresponda a los Derechos de Crédito pignorados transmitidos, o bien mediante apropiación del efectivo depositado en todas y cada una de las Cuentas Corrientes.
- (c) El Agente de Garantías estará facultado para ordenar el traspaso del importe de las Cuentas Corrientes a su propia cuenta, a cuyo fin entregará al Banco de Cuentas un requerimiento, indicando:
  - que se ha producido un Supuesto de Ejecución, notificado al Pignorante, que no ha sido subsanado en el plazo otorgado al efecto en Documentos de la Financiación;
  - indicará el importe de las obligaciones vencidas pendientes de pago (cuyo importe será el mismo que el resultante de la Certificación de Deuda; y
  - requerirá que este importe sea ingresado en la cuenta que se indique en el requerimiento.

complying in each case with the requirements of the chosen proceedings and provided that the choice of any of the above proceedings does not limit the possibility of choosing any of the other proceedings, to the extent that the Secured Obligations have not been fully discharged.

#### 8.5 RDL 5/2005 enforcement procedure

In the event that the Secured Parties, enforce the Pledge by the procedure set out under the section 11 of the RDL 5/2005, the Parties agree as follows:

- (a) The enforcement value will be the face value of the Credit Rights pledged.
- (b) The Secured Parties may execute the Pledge by the sale of the Credit Rights pledged to a third party, being the minimum sale price the face value of the balance of the Credit Rights pledged transferred, or by means of appropriation of the cash deposited over each and all of the Bank Accounts.
- (c) The Security Agent will be empowered to request the transfer or the cash in the Bank Accounts to its own account to which end it shall deliver to the Accounts Bank a notice, indicating the following:
  - the existence of an Enforcement Event which has not been remedied in the time set out for this in the Loan Documents;
  - the amount of the unpaid Secured Obligations (which shall be the same as that indicated in the Amounts Owed Certificate; and
  - a formal request to transfer said amount to the account number indicated.

- (d) Si el importe en las Cuentas Corrientes fuera inferior al importe indicado en el Certificado de Deuda, los Bancos de Cuentas, transferirán el saldo acreedor depositado en las Cuenta Corrientes.
- (e) La Prenda se mantendrá en vigor hasta que todas las Obligaciones Garantizadas estén plenamente satisfechas.
- (f) Se hace constar expresamente que caben ejecuciones parciales de la Prenda, por lo que, si quedaran Obligaciones Garantizadas pendientes o si el importe transferido fuera inferior al indicado en el Certificado de Deuda, la ejecución no afectará la vigencia de la Prenda que se mantendrá plenamente en vigor.

- (d) If the amount in the Bank Account is less than that indicated in the Amounts Owed Certificate, then the Accounts Banks will transfer the creditor balance deposited in the Bank Accounts.
- (e) The Pledge will remain in force until the Secured Obligations are fully satisfied.
- (f) The Parties expressly state that partial enforcements of the Pledge are possible, and that therefore, in case there remain any outstanding Secured Obligations or in case the amount transferred is less than the amount indicated in the Amounts Owed Certificate, the enforcement will not affect the Pledge which will remain fully in force

#### **8.6 Conservación de derechos**

Las Partes Garantizadas conservarán todos sus derechos y acciones contra el Pignorante por la parte de las Obligaciones Garantizadas que no hayan sido satisfechas o resarcidas con la ejecución de la Prenda.

#### **8.6 Maintenance of rights**

The Secured Parties shall maintain all their rights and claims against the Pledgor with respect to any part of the Secured Obligations that has not been satisfied or indemnified upon the enforcement of the Pledge.

#### **8.7 Renuncia de acciones del Pignorante**

Hasta la fecha en la que las Obligaciones Garantizadas hayan sido amortizadas en su totalidad, en el caso de que las Partes Garantizadas obtengan el cobro de cualesquiera importes u Obligaciones Garantizadas a través de la ejecución de la Prenda, el Pignorante renuncia expresamente y desde este momento (i) al ejercicio de cualquier derecho de subrogación, (ii) a cualquier acción y (iii) al cobro de cualesquiera créditos o derechos, frente a la Acreditada y cualquiera de los Garantes.

#### **8.7 Waiver of rights by the Pledgor**

Until such time as the Secured Obligations have been discharged in full, in the event that the Secured Parties obtain payment of any amounts owed to them or of the Secured Obligations through the enforcement of the Pledge, the Pledgor expressly waives as from this moment in time (i) any rights of subrogation, (ii) the exercise of any claim and (iii) the recovery or collection of any credits or rights, against the Borrower and any of the Guarantors.

### **9. PODER IRREVOCABLE**

**9.1** Con objeto de asegurar el cumplimiento de los compromisos asumidos en este Contrato, el Pignorante otorgará a favor del Agente de Garantías y de las Partes Garantizadas en unidad de acto respecto a la firma del presente Contrato y en escritura pública separada ante el mismo Notario interviniente, un poder especial irrevocable tan amplio en Derecho como resulte necesario, con

### **9. IRREVOCABLE POWER OF ATTORNEY**

**9.1** In order to give the grates effectiveness to the compliance with the undertakings set out herein, the Pledgor will grant in favor of the Security Agent and the Secured Parties simultaneously with the execution of this Agreement, and in a separate public deed before the intervening Notary public, an irrevocable special power of attorney, so broad in Law as necessary, with powers of



facultades de sustitución, re-sustitución y delegación en favor de la persona, física o jurídica, agente, administrador, la persona o entidad a favor de quien sustituye o en quien delegue la ejecución de las facultades otorgadas por medio del poder irrevocable (incluyendo la entidad que le sustituya como Agente de Garantías) o cualquier otra entidad que determine el Agente de Garantías, para que el Agente de Garantías (actuando a través de sus representantes orgánicos o sus apoderados) pueda, en nombre y representación del Pignorante, realizar cualesquiera actuaciones que resulten necesarias o convenientes para ejecutar y hacer cumplir los términos del presente Contrato.

9.2 A tales efectos, el Agente de Garantías podrá, transcurrido el plazo de diez (10) días hábiles desde la notificación realizada al Pignorante sin que éste hubiera realizado lo solicitado, utilizar el poder irrevocable otorgado, a fin de llevar a cabo en nombre del Pignorante cuantas actuaciones resulten necesarias o convenientes a favor de las Partes Garantizadas en los términos y condiciones que estime oportunos para el adecuado cumplimiento de lo previsto en el presente Contrato, incluyendo, con carácter enunciativo y no limitativo, las siguientes:

- (a) solicitar del Notario ante el que formalice el presente Contrato, todo tipo de copias de los correspondientes documentos públicos en los que se formalicen la Prenda;
- (b) efectuar cualesquiera declaraciones, trámites, presentaciones de documentos o cualesquiera otras actuaciones ante Notarios, Registradores, autoridades fiscales, administrativas o judiciales y liquidar y abonar los impuestos, comisiones, costes y gastos relacionados con el otorgamiento del presente Contrato;
- (c) llevar a cabo cuantas actuaciones y suscribir, otorgar y elevar a público cuantos documentos públicos o privados sean necesarios para: (i) obtener y asegurar la plena perfección, mantenimiento y protección de las Prendas; (ii) defender, proteger y

substitution, re-substitution and delegation as broad as may be necessary in Law in favor of the person, whether natural or legal, agent, receiver, the person or entity in favor of whom it may delegate or substitute the faculties conferred hereunder (including the entity which may replace the Security Agent as agent) or any other entity that the Security Agent may determine, so that the Security Agent (acting through its representatives or its attorneys-in- fact), on behalf of the Pledgor, may perform any necessary or convenient actions to comply with and enforce the terms of the present Agreement.

9.2 For this purpose, the Security Agent may, upon failure of the Pledgor to comply with the Security Agent's request within ten (10) business days of being notified, use the irrevocable power of attorney in order to carry out, on behalf of the Pledgor, any necessary or convenient actions in favor of the Secured Parties in the terms and conditions the Security Agent may deem appropriate for the adequate compliance with the terms of this Agreement including, but not limited to, the following:

- (a) to request from the Notary before whom the present Agreement is formalized all kind of copies of the relevant public documents in which the Pledge is formalized;
- (b) to make any statements, declarations, proceedings, submitting documents or any other actions before Notaries, Registrars, tax, administrative or judicial authorities and liquidate and pay for the taxes, commissions, costs and expenses related to the execution of the present Agreement;
- (c) to carry out any and all actions to execute, grant and raise to public deed status any necessary documents to; (i) obtain and ensure the full perfection, maintenance and protection of the Pledges; (ii) defend, protect and claim the rights conferred to the Secured Parties in the present Agreement;

reclamar los derechos que en el presente Contrato se confieren a las Partes Garantizadas; (iii) realizar cualquier extensión, ratificación, subsanación, rectificación o sustitución de cláusulas declaradas nulas por aquellas otras cuyo efecto económico sea el más parecido posible al de la cláusula declarada nula y sin efecto; y (iv) llevar a cabo la ejecución de la Prenda;

- (d) para que, en caso de que ello fuera necesario, representar al Pignorante en la subasta de los Derechos de Crédito pignorados en virtud del presente Contrato;
- (e) en orden a la toma de posesión de los nuevos derechos, valores, activos o fondos en caso de prenda sucesiva en los términos establecidos en el presente Contrato;
- (f) a los efectos de materializar la extensión de la Prenda para las que dicha posibilidad esté prevista, y en orden a suscribir los documentos necesarios para la extensión de dichas garantías;
- (g) llevar a cabo cuantas actuaciones y firmar, otorgar y elevar a público cuantos documentos públicos o privados sean necesarios o convenientes para el restablecimiento de la Prenda en virtud del presente Contrato en caso de que cualesquiera pagos efectuados al amparo de la Prenda fuesen declarados nulos en el marco de un procedimiento de insolvencia y, como consecuencia de dicha nulidad, las Obligaciones Garantizadas no resultasen cumplidas íntegramente;
- (h) otorgar los documentos que sean convenientes o necesarios a los efectos de que el presente poder irrevocable sea otorgado a favor de quien sustituya al Agente de Garantías de como nuevo agente.

**9.3** Dado que el poder irrevocable se otorga en interés de las Partes y que resulta necesario para el cumplimiento de las obligaciones asumidas por el Pignorante en el presente Contrato, el poder irrevocable se configura

(iii) carry out any extension, ratification, amendment, rectification or substitution of those clauses declared void by those which economic effect will be the most similar to the clause declared void and without effect; and (iv) carry out the execution of the Pledge;

- (d) if it was necessary, to represent the Pledgor in an auction of the Credit Rights pledged under this Agreement;
- (e) in order to take possession of the new rights, securities, assets or funds in case of successive pledge (prenda sucesiva) in the terms established in this Agreement;
- (f) for the purpose of materializing the extension of the Pledge for which such possibility is foreseen, and in towards to execution of the necessary documents for the extension of said security;
- (g) to carry out any actions and sign, execute and raise to public deed status any public or private documents that are deemed necessary or convenient for re-establishing the Pledge under this Agreement in the event any payments performed under the Pledge were declared null in the framework of an insolvency proceeding and, as a consequence of such nullity the Secured Obligations were not fully fulfilled;
- (h) to grant the documents that are convenient or necessary for the purpose that this irrevocable power of attorney is granted in favor of whoever replaces the Security Agent as new agent.

**9.3** As the irrevocable power of attorney is granted in the interest of the Parties and is necessary for the fulfilment of the obligations assumed by the Pledgor under the present Agreement, the irrevocable power of attorney is configured as

como irrevocable, por lo que permanecerá en vigor mientras subsistan las Obligaciones Garantizadas.

**9.4** El poder irrevocable sólo podrá quedar sin efecto con anterioridad a la terminación del presente Contrato por acuerdo entre el Pignorante y el Agente de Garantías. La revocación unilateral del poder irrevocable por el Pignorante no producirá efecto alguno.

**9.5** El Pignorante declara conocer que el ejercicio por el Agente de Garantías de las facultades que recibe en virtud del poder irrevocable puede implicar autocontratación y subdelegación de poderes, lo acepta y lo salva expresamente para el Agente de Garantías y, en su caso, aquéllos que resulten ser sus cesionarios o sucesores. Se salva expresamente también, autorizándola, la autocontratación con respecto a aquéllos en los que el Agente de Garantías sustituya, sub-apodere o delegue el poder irrevocable.

## **10. CANCELACIÓN DE LA PRENDA**

Cumplidas íntegramente las Obligaciones Garantizadas o extinguidas éstas de otro modo, quedará automáticamente extinguida y cancelada la Prenda, comprometiéndose las Partes Garantizadas, a solicitud por escrito del Pignorante, y en el plazo máximo de quince (15) días hábiles a partir de la fecha en que tenga lugar tal requerimiento, a otorgar el correspondiente documento público de cancelación. Las Partes de la presente Prenda acuerdan que todos los tributos y gastos de Notario y, en su caso, de notificaciones derivados de dichas cancelaciones correrán a cargo del Pignorante.

No obstante el cumplimiento de las Obligaciones Garantizadas y la cancelación de la Prenda, en el supuesto de que cualesquiera pagos efectuados en satisfacción de las Obligaciones Garantizadas fueran declarados nulos en el marco de un procedimiento de insolvencia y, como consecuencia de dicha nulidad, las Obligaciones Garantizadas no resultasen total o irrevocablemente cumplidas, las Partes acuerdan el resurgimiento de los términos y condiciones de la Prenda en garantía de las Obligaciones Garantizadas.

irrevocable. Therefore, it shall remain in force while the Secured Obligations subsist.

**9.4** The irrevocable power of attorney shall only be invalid prior to the termination of the present Agreement as per the agreement between the Pledgor and the Security Agent. The unilateral revocation of the irrevocable power of attorney by the Pledgor shall have no effect.

**9.5** The Pledgor acknowledges that the exercise by the Security Agent of the faculties received under the irrevocable power of attorney may involve self-dealing and sub-delegation of powers of attorney, which the Pledgor expressly accepts and saves for the Security Agent and, if appropriate, for those who may be its assignees or successors. The Pledgor also expressly saves, authorizing it, self-dealing with respect to those in which the Security Agent replaces, sub-empowers or delegates the irrevocable power of attorney.

## **10. CANCELTION OF THE PLEDGE**

Once the Secured Obligations have been fully discharged or otherwise extinguished, the Pledge shall be automatically terminated and cancelled and the Secured Parties hereby undertake to execute, upon written request from the Pledgor and in the maximum term of fifteen (15) business days as from the date of such request, the corresponding public document of cancellation of the Pledge. The Parties to this Pledge expressly acknowledge that any taxes, costs or fees (including Notarial fees), and, if necessary, any notices sent in accordance with the said cancellation shall be borne by the Pledgor.

Notwithstanding the fully discharged of the Secured Obligations and the cancellation of the Pledge, in the event that any of the payments carried out to discharge the Secured Obligations are declared void or invalid during the course of a insolvency proceedings, and as a result of such nullity, the Secured Obligations result not to be fully discharged or otherwise extinguished, the Parties agree the revival of the terms and conditions of the Pledge to secure the Secured Obligations.

## 11. NOTIFICACIONES

**11.1** Cualquier comunicación o notificación entre las Partes a la que se refiera el presente contrato, o que, incluso no estando contemplada en el mismo, se realice entre las Partes en relación con la ejecución, interpretación o terminación del mismo se realizará por escrito y será entregada personalmente a la otra parte (bien por la remitente misma, bien por conducto notarial) o enviada por fax, por correo electrónico o por correo certificado con acuse de recibo (a elección de quien envía la comunicación) a las siguientes direcciones:

**11.2** En el caso del Pignorante:  
A la atención de [ ]  
[Dirección]  
Teléfono: [ ]  
Correo electrónico: [ ]

**11.3** En el caso del Agente de Garantías:  
A la atención de [ ]  
[Dirección]  
Teléfono: [ ]  
Correo electrónico: [ ]

**11.4** La comunicación al Agente de Garantías y/o a las Partes Garantizadas se entenderá válidamente realizada el [ ] día hábil posterior a la recepción de la comunicación.

## 12. IMPUESTOS Y GASTOS

Todos los honorarios, costes, aranceles y tributos que se devenguen y cualesquiera otros gastos razonables que se originen, ahora o en un futuro, por causa de la preparación, el otorgamiento y el cumplimiento de este Contrato y su intervención mediante el otorgamiento de ésta póliza, o su extensión, cesión, novación, corrección, enmienda, subsanación o cancelación, así como todas las costas y gastos de ejecución de la Prenda por cualesquiera procedimientos, incluidos los gastos y honorarios, de toda índole, de

## 11. NOTICES

**11.1** All notices or communications referred to in this agreement or made by any of the Parties to this agreement to one another as regards the execution, interpretation or termination of the agreement shall be made in writing and will, at the sender's choice, either be delivered to the other party in person (either by the sender personally or through a notary public) or sent by fax, electronic mail or certified post with delivery confirmation, to the following addresses:

**11.2** For the Pledgor:  
To the attn. of [ ]  
[address]  
Phone number: [ ]  
Email address:

**11.3** For the Security Agent:  
To the attn. of [ ]  
[address]  
Phone number: [ ]  
Email address: [ ]

**11.4** Any notice served to the Security Agent and/or the Secured Parties will be deemed correctly made on the [ ] business day after delivery of the notice.

## 12. TAXES AND EXPENSES

All fees, costs, and taxes, and any other expenses reasonably incurred, now or in the future, in connection with the drafting, execution and compliance with this Agreement, its notarial intervention by means of public document (póliza), or of its extension, assignment, novation, amendment or cancellation, as well as all judicial costs and enforcement costs in connection with any of the available proceedings in relation to the Pledge, including the fees and expenses of any nature of lawyers and procuradores (even when their involvement is not compulsory) and the

abogado y procurador (aun cuando la intervención de éstos no fuere preceptiva) así como los costes de novación y registro que resulten de la modificación de estatutos previstos bajo el presente Contrato serán abonados por el Pignorante o cualquiera de las sociedades de su grupo.

novation and registration costs arising from the amendment of the by-laws provided in this Agreement shall be paid by the Pledgor or any of the companies of its group.

**13. SUBSANACIÓN O COMPLEMENTO DEL CONTRATO**

Si fuera requerido para ello por el Agente de Garantías (actuando razonablemente), el Pignorante se compromete a otorgar, en el plazo de diez (10) días hábiles desde la fecha de dicho requerimiento, cuantos documentos públicos o privados de subsanación, complemento documental o aclaración de este contrato fueran necesarios o convenientes.

El Agente de Garantías estará facultado para ser parte y otorgar cualquier documento público o privado en beneficio de las Partes Garantizadas, independientemente del derecho individual de cada Parte Garantizada a ser parte y suscribir los documentos mencionados junto con el Agente de Garantías, siempre que dicha Parte Garantizada se lo notifique al Agente de Garantías con al menos dos (2) días hábiles de antelación al día en que se otorguen dichos documentos públicos o privados.

**14. CESIÓN DE LA PRENDA**

**14.1** El Pignorante reconoce y acepta que las Partes Garantizadas pueden asignar y/o ceder su posición total o parcialmente en los Documentos de Financiación (y por tanto ceder su posición contractual bajo los Documentos de Financiación) o los derechos derivados de los mismos mediante cesiones de crédito, subrogaciones de posición contractual en dichos contratos o figuras equivalentes, según proceda, de conformidad con los términos de los Documentos de Financiación.

**14.2** El Pignorante reconoce y acepta expresamente en este acto que, de acuerdo con el artículo 1528 del Código Civil, cualquier cesión efectuada por cualquiera de las Partes Garantizadas al amparo de lo dispuesto en los Documentos de la

**13. CORRECTIONS OR ADDITIONS TO THIS AGREEMENT**

If so required by the Security Agent (acting reasonably), the Pledgor undertakes to appear and grant, within ten (10) business days as of the date of such request, as many public or private documents as may be necessary or convenient for the correction, addition or clarification of this agreement.

The Security Agent shall be entitled to appear and execute all such public or private documents for the benefit of the Secured Parties, irrespective of the right of each particular Secured Party to appear and execute the aforesaid documents along with the Security Agent, if such Secured Party so notifies to the Security Agent with at least two (2) business days prior notice to the date on which the public or private documents shall be executed.

**14. ASSIGNMENT OF THE PLEDGE**

**14.1** The Pledgor hereby acknowledges and agrees that the Secured Parties may assign and/or transfer their position totally or partially under the Loan Documents (and hence assign their contractual position under the Loan Documents), or any rights arising therefrom by means of credits transfers, assignments or subrogation on contractual position or equivalent methods, as applicable, all in accordance with terms of the Loan Documents.

**14.2** The Pledgor hereby expressly acknowledges and agrees that, in accordance with article 1528 of the Spanish Civil Code, any assignment or transfer carried out by any of the Secured Parties under the provisions of the Loan Documents shall automatically entail

Financiación conllevará automáticamente, y sin necesidad de nuevo consentimiento del Pignorante a tal efecto, la cesión proporcional de los derechos que corresponden a la Parte Garantizada en cuestión en virtud del presente Contrato.

and without the need of any further agreement of the Pledgor to such effect, the proportional assignment of the rights corresponding to such Secured Party by virtue of this Agreement.

**14.3** En consecuencia de lo anterior, las referencias que en este Contrato se realizan a las Partes Garantizadas se entenderán hechas, respectivamente a las entidades que en cada momento participen como las Partes Garantizadas bajo Documentos de la Financiación.

**14.3** Consequently, references in this Agreement made to the Secured Parties shall be deemed made, respectively, to the entities which from time to time are Secured Parties under the Loan Documents.

**15. INVALIDEZ PARCIAL**

**15. PARTIAL INVALIDITY**

La ilegalidad, invalidez o inejecutabilidad de cualquier disposición de este Contrato por cualquier causa no afectará en modo alguno a la legalidad, validez o ejecutabilidad de las restantes disposiciones del mismo.

If, for any reason, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect, neither the legality, validity nor enforceability of the remaining provisions will in any way be affected or impaired.

Si fuera requerido para ello por el Agente de Garantías, el Pignorante se compromete a otorgar, en el plazo de diez (10) días naturales desde la fecha de dicho requerimiento, cuantos documentos públicos o privados de subsanación, complemento documental o aclaración de esta Prenda fueran necesarios o razonablemente convenientes para asegurar su validez, ejecutabilidad y prioridad de rango.

If so required by the Security Agent, the Pledgor undertakes to appear and grant, within ten (10) calendar days as of the date of such request, as many public or private documents as may be necessary or reasonably convenient for the correction, addition or clarification of this Pledge to secure its validity, enforceability and ranking priority.

**16. IDIOMA**

**16. LANGUAGE**

Este Contrato se otorga en idiomas español e inglés. En caso de que surgieran discrepancias entre ambas versiones, prevalecerá la versión española.

This agreement is executed in Spanish and English. In the event of discrepancies between the versions, the Spanish version shall prevail.

**17. LEY APLICABLE Y JURISDICCIÓN**

**17. APPLICABLE LAW AND JURISDICTION**

**17.1 Ley aplicable**

**17.1 Governing Law**

Este Contrato se registrará por la legislación común española.

This Agreement shall be governed by the laws of Spain (legislación común española).

**17.2 Jurisdicción**

**17.2 Jurisdiction**

En la medida en que tal sumisión resulte legalmente admisible, cada una de las Partes de este Contrato se somete irrevocablemente, con renuncia expresa al fuero que pudiera corresponderle, a la

To the extent legally permissible, each Party hereby expressly and irrevocably submits to the jurisdiction of the Courts and Tribunals of Spain, specifically of the city of Madrid, for the resolution of any dispute that may arise in

jurisdicción de los juzgados y tribunales de la ciudad de Madrid para el conocimiento y resolución de cualquier reclamación que pudiera derivarse del cumplimiento o interpretación de este Contrato.

connection with this Agreement, and hereby waives its right to take proceedings in any other jurisdiction

**18. INTERVENCIÓN NOTARIAL**

Este Contrato y sus eventuales modificaciones, se formalizan en póliza intervenida ante notario, con el fin de que ésta constituya título ejecutivo con respecto de todas las cantidades debidas en virtud del mismo, a todos los efectos previstos en el artículo 517.2.5º de LEC, el artículo 1.216 del Código Civil, así como la consideración de crédito con privilegio especial, a los efectos del artículo 90.1.6º de la Ley Concursal y demás disposiciones legales aplicables.

En prueba de lo cual, las Partes otorgan este contrato en póliza ante el notario de [ ], [ ], en la fecha y lugar indicado en el encabezamiento.

**18. NOTARIAL INTERVENTION**

This Agreement and any eventual amendments from time to time are formalised as public document (póliza) before notary public, with the aim that this document may be considered an executive title with respect of any amounts owed under this Agreement and for the purposes and the effects set out in articles 517.2.5º of the Civil Procedure Law, article 1,216 of the Spanish Civil Code, as well as a specially privileged credit pursuant to article 90.1.6º of the Spanish Insolvency Act and other applicable legal provisions.

In witness whereof, the Parties grant this Agreement in public document (póliza) before the notary of [ ], [ ], on the date and place indicated above.

El presente Contrato se formaliza en Póliza con la intervención del Notario de [ ], [ ] y de su Ilustre Colegio que figura en el encabezamiento.

Los otorgantes de la presente Póliza manifiestan su conformidad y aprobación al contenido de la misma tal y como aparece redactado, extendida en hojas incluidos sus anexos, la otorgan y firman, con mi intervención en un (1) solo ejemplar al amparo de lo previsto en la Ley 36/2006 de 29 de Noviembre, e Instrucción de la Dirección General de los Registros y del Notariado de la misma fecha.

Y yo el Notario, habiendo hecho las oportunas advertencias legales, DOY FE de la identidad de los otorgantes, de la legitimidad de sus firmas, de que a mi juicio tienen la capacidad y legitimación necesarios para el otorgamiento de la presente Póliza, de que el consentimiento ha sido libremente prestado, y de que el otorgamiento se adecua a la legalidad y a la voluntad debidamente informada de los otorgantes o intervinientes.

Las Partes se manifiestan conformes con el contenido de este Contrato y sus anexos, que aceptan y firman.

Con mi intervención, [ ]

**Anexo 1 /Annex 1**

**Copia de los poderes otorgados a favor del Agente de Garantías por las Entidades Acreditantes/ Copy of the Power of Attorney  
granted to the Security Agent by the Lenders**



Anexo 2 /Annex 2  
Cuentas Bancarias del Pignorante/Pledgor's Bank Accounts

Anexo 3 /Annex 3  
Modelo de Notificación a los Bancos de Cuentas/ Notice Form to the Account Banks

Parte A / Part A

[ ]  
En [ ], a [ ] de [ ]  
Estimados Señores:  
Ref: Prenda de derechos de crédito

[ ]  
In [ ], on [ ] of [ ]  
Dear Sirs,  
Ref: Pledge of credit rights

POR LA PRESENTE LES NOTIFICAMOS que, en virtud de la Póliza autorizada por el Notario de Madrid D. [ ] el día [ ] de [ ] de 2018, [ ] (el “**Pignorante**”) ha constituido a favor de PNC Bank, National Association (el “**Agente de Garantías**”), un derecho real de prenda de primer rango (la “**Prenda**”) sobre la totalidad de los derechos de crédito (los “**Derechos de Crédito**”) que ostente en cualquier momento derivados de la[s] cuenta[s] bancaria[s] número[s] [ ] abierta[s] en su entidad (la[s] “**Cuenta[s] Bancaria[s]**”).

WE HEREBY NOTIFY YOU that, by virtue of the Policy intervened by the Notary Public of Madrid [ ] on [ ] of [ ] of 2018, [ ] (the “Pledgor”) has granted, in favour of PNC Bank National Association (the “Security Agent”), first ranking in rem rights of pledge (the “Pledge”) over all the credit rights (the “Credit Rights”) to which the Pledgor is entitled, at all times, arising from the bank account[s] number[s] [ ] opened in your bank (the “Bank Account[s]”).

En relación con dicha Prenda, les informamos de que con carácter irrevocable hasta que le sea notificada por el Agente de Garantías la cancelación de la misma:

In relation to the Pledge, we hereby inform you that, irrevocably until the Security Agent notifies you that the Pledge has been cancelled:

(a) hasta la fecha en la que el Agente de Garantías les notifique su intención de ejecutar las Prendas, el Pignorante conservará la facultad de disponer de los saldos de la[s] Cuenta[s] Bancaria[s], aunque no podrá el Pignorante (i) crear ningún tipo de carga, gravamen o derecho real de garantía sobre los Derechos de Crédito, ni (ii) cancelar las Cuentas Bancarias, sin que medie expresa autorización por escrito del Agente de Garantías, por lo que, en caso de recibir del Pignorante cualquier notificación de haber llevado a cabo cualquiera de las anteriores actuaciones, no deberán tenerla en consideración hasta que el Agente de

(a) until the date on which the Security Agent notifies you its intention to enforce the Pledges, the Pledgor shall be entitled to dispose the balances of the Bank Account[s], however the Pledgor shall not be entitled (i) to create any type of pledge, charge or *in rem* right of security over the Credit Rights, (ii) nor to close any Bank Accounts without the express Security Agent’s authorisation in writing, and therefore, in case you receive any notification from the Pledgor informing of the performance of any of the above- mentioned activities, you must not take such notification into account until the

Garantías le remita notificación informándole al respecto;

Security Agent notifies you the cancellation of the Pledges;

(b) adicionalmente, de acuerdo con las instrucciones del Agente de Garantías y del Pignorante les requerimos para que:

(b) Following instructions from the Security Agent and the Pledgor, We hereby request of you:

- no permitan o autoricen la transmisión o creación de ningún tipo de carga, gravamen, obligación o derecho de un tercero sobre los Derechos de Crédito salvo con la autorización expresa y por escrito del Agente de Garantías hasta el momento en el que el Agente de Garantías le notifique la cancelación de la Prenda; y
- no acepten modificación alguna de éstas instrucciones salvo que esté firmada por ambos, Agente de Garantías y Pignorante.

- not to allow the transfer or creation of any type of lien, charge, duty or encumbrance over the Credit Rights, without the express written authorisation from the Security Agent, until the Security Agent send you notice of the cancellation of the Pledge; and
- not to accept any amendment to these instructions unless it is signed by both Pledgor and Security Agent.

(c) en caso de que el Agente de Garantías le notifique por escrito y de forma fehaciente la ejecución de las Prendas, deberá efectuar todos los pagos debidos bajo los Derechos de Crédito directamente a la cuenta bancaria indicada en la notificación de ejecución, reconociendo el Pignorante que sólo los pagos así realizados y recibidos por el Agente de Garantías surtirán plenos efectos liberatorios frente al Pignorante.

(b) in case the Security Agent notifies you in writing the enforcement of the Pledge, you must perform all payments due under the Credit Rights directly in the bank account mentioned in the notification of enforcement, and the Pledgor acknowledges that only payments thus performed and received by the Security Agent shall fully exonerate you against the Pledgor.

El Pignorante y el Agente de Garantías expresamente reconocen que [entidad] no incurrirá en ninguna responsabilidad frente a ninguno de ellos si acepta las instrucciones contenidas en la presente notificación y actúa de conformidad con las mismas.

The Pledgor and the Security Agent expressly acknowledge that [bank] shall not be liable in any way before any of them if it accepts the instructions contained in this notification and acts in accordance with them.

A tal efecto, les rogamos acusen recibo de la presente carta, mediante el envío del modelo de carta adjunto como **Parte B** a la atención de PNC Bank, National Association, a la dirección indicada, así como el envío de copia escaneada de la carta de acuse de recibo mediante correo electrónico a la siguiente dirección [ ]:

To this purposes, we kindly ask you to acknowledge receipt of this notice, by sending the notice form attached hereto as **Part B** to the attention of PNC Bank, National Association, to the indicated address, as well as sending a scanned copy of the acknowledgment letter by email to the following address [ ]:

Lo que les comunicamos a los efectos oportunos.

What we inform you to the relevant purposes.

Atentamente,

Your sincerely,

[Pledgor]

[Pledgor]

[Security Agent]

[Security Agent]

**Parte B / Part B**

[PNC Bank, National Association]

En [ ], a [ ] de [ ]

Estimados Señores:

**Ref: Prenda de derechos de crédito**

POR LA PRESENTE acusamos recibo de su carta y de las instrucciones previstas en la misma respecto a la pignoración de los derechos de crédito de las cuentas corrientes, de las cuales tomamos nota: [*detalle cuentas pignoradas*].

Lo que le comunicamos a los efectos oportunos.

Atentamente,

[*Bank*]

PNC Bank, National Association].

[In [ ], on [ ] of [ ]

Dear Sirs,

**Ref: Pledge of credit rights**

WE HEREBY acknowledge to have received the notice of the pledge of credit rights over the following bank accounts, of which we take note of that, together with the instructions contained therein: [*details of bank accounts pledged*].

What we communicate to you for the appropriate purposes.

Yours sincerely,

[*Bank*]

---

**IRREVOCABLE UNDERTAKING TO GRANT FIRST-PRIORITY SECURITY INTERESTS**

---

Between

GRUPO FERROATLÁNTICA, S.A.U.  
FERROATLÁNTICA, S.A.U.  
As the **Spanish Loan Parties**

and

PNC Bank, National Association  
As the **Security Agent**



Squire Patton Boggs (UK) LLP  
Oficina de Madrid  
Plaza Marqués de Salamanca, 3-4  
28006 Madrid

ÍNDICE

**IRREVOCABLE UNDERTAKING TO GRANT FIRST-PRIORITY SECURITY INTERESTS**

In Madrid, on the [ ] of [ ] of 2018.

With the intervention of the Notary Public of Madrid, Francisco Miras Ortiz.

- (1) **GRUPO FERROATLÁNTICA, S.A.U.**, a Spanish Company, with registered offices at [ ], [ ], duly represented by [ ] by virtue of [ ].
- (2) **FERROATLÁNTICA, S.A.U.**, a Spanish Company, with registered offices at [ ], [ ], duly represented by [ ] by virtue of [ ].
- (3) **PNC BANK, NATIONAL ASSOCIATION**, a US bank with registered offices at [ ], duly represented by [ ] by virtue of [ ] (“PNC” or the “Security Agent”).

Grupo FerroAtlántica, S.A.U. and FerroAtlántica, S.A.U. shall be hereinafter referred to as the “**Spanish Loan Parties**”. The Spanish Loan Parties and the Security Agent shall be hereinafter referred to as the “**Parties**”, each of them a “**Party**”. The Parties acknowledge each other's full legal capacity to execute this agreement.

**WHEREAS**

- I. By an agreement dated [ ], PNC (as Lender and Security Agent), [ ], [ ], [ ], [ ], [ ], and [ ] (the “**Lenders**” or the “**Secured Parties**”), Ferroglobe PLC (as the borrower, the “**Borrower**”), the Spanish Loan Parties and other parties have entered into a USD 250,000,000 credit agreement governed by the laws of the State of New York (the “**Credit Agreement**”) under which certain facilities have been made available to the Borrower by the Lenders. The Credit Agreement has been notarised on the date hereof before the Notary of Madrid, Francisco Miras Ortiz.
- II. By an agreement dated [ ], PNC (as Security Agent), the Borrower, the Spanish Loan Parties and other parties have entered into a Continuing Agreement of Guaranty and Suretyship under which the Spanish Loan Parties have agreed to guarantee the repayment to the Security Agent of the all amounts due under the Credit Agreement (the “**Guaranty Agreement**”). The Guaranty Agreement has been notarised on the date hereof before the Notary of Madrid, Francisco Miras Ortiz.
- III. The Secured Parties have appointed PNC to act as their security agent under and in connection with the Credit Agreement authorising it to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given on its role as Security Agent under the Credit Agreement including the power to execute and accept the security granted in connection with the Credit Agreement.
- IV. The Spanish Loan Parties have undertaken to grant an irrevocable promise to create and perfect first-priority security interests in all the Spanish Loan Parties’ permitted and free of any liens present and future and wherever located personal property assets, including but not limited to deposit accounts, accounts receivable, inventory, fixtures,



equipment, instruments, chattel paper, cash and cash equivalents, letter-of-credit rights, commercial tort claims, and all payment intangibles and other general intangibles (including patents and trademarks), contract rights, documents, chattel paper and all proceeds and products of the foregoing (the "Collateral").

- V. The Spanish Loan Parties wish to grant an irrevocable undertaking to grant first-priority security over the above referenced assets pursuant to the terms of this agreement (the "**Agreement**"), which shall be governed by the following,

#### CLAUSES

##### 1. DEFINITIONS

Unless otherwise stated, capitalised terms shall have the meaning ascribed in the Credit Agreement when used herein.

##### 2. UNDERTAKING TO GRANT A FIRST-PRIORITY SECURITY INTERESTS

- 2.1 The Spanish Loan Parties irrevocably and unconditionally undertake to the Security Agent to create, grant, execute and deliver first-priority *in rem* security interests (by way of non-possessory pledge, mortgage or otherwise) in the Spanish Loan Parties' permitted and free of any liens present and future property assets pertaining to the Collateral identified in **Exhibit I** as security for the full and punctual fulfilment of all the obligations assumed by the Borrower and the Spanish Loan Parties under the Loan Documents.
- 2.2 The Security Agent accepts the irrevocable undertaking of the Spanish Loan Parties.
- 2.3 The Collateral over which the security may be constituted will not include any of the following:
- (a) Interest in real property (other than fixtures required above),
  - (b) Motor vehicles and other assets subject to certificates of title;
  - (c) Any governmental licenses or state or local franchises, charters and authorizations to the extent prohibited by applicable law;
  - (d) Pledges and security interests prohibited or restricted by applicable law, except to the extent that any such prohibition or restriction would be rendered ineffective pursuant to the Uniform Commercial Code or other applicable law;
  - (e) Margin stock;
  - (f) Pledges of equity in joint ventures prohibited by their organizational documents;
  - (g) Any lease, license or other agreement or any property subject to a purchase money security interest, capital lease obligation or similar arrangements, in each case, if permitted under the Credit Documentation, to the extent that a

grant of a security interest therein would violate or invalidate such lease, license or agreement or such purchase money, capital lease or a similar arrangement or create a right of termination in favor of any other party thereto;

(h) Pledges and security interests prohibited or restricted by any legally valid contractual restriction existing on the closing date and not entered into in contemplation of the transactions contemplated hereby, except to the extent that any such prohibition or restriction would be rendered ineffective pursuant to the UCC or other applicable law; and

(i) Other customary exceptions to be agreed.

2.4 The Collateral committed hereunder shall be first-priority security (*garantía real de primer rango*) over any of the assets pertaining to the Collateral identified in **Exhibit I**, free from any liens, existing encumbrances and charges whatsoever.

### 3. PERFECTION OF THE SECURITY

3.1 The security over the Collateral shall be executed by the Spanish Loan Parties upon the first demand of the Security Agent (*a primera demanda*), provided there is a Potential Default or an Event of Default under the Credit Agreement.

3.2 The security shall be executed between the relevant Spanish Loan Party and the Security Agent within the term designated by the Security Agent in the notification sent to the relevant Spanish Loan Party (the “**Perfection Notice**”), and, in any event, no later than the following fifteen (15) business days from the receipt of the Perfection Notice. For this purpose, the relevant Spanish Loan Party shall appear before the Spanish notary public designated by the Security Agent in the Perfection Notice on the date and place designated in the Perfection Notice for the execution of any public deeds and any related documents which may be required for the perfection of the Collateral, whether by non-possessory pledge (*prenda sin desplazamiento de la posesión*), mortgage (*hipoteca*) or otherwise.

3.3 The Spanish Loan Parties undertake to take all necessary corporate action to grant the requested first-priority security to the Security Agent within the term specified by the Security Agent in the Perfection Notice. The Spanish Loan Parties undertake to take any necessary action to ensure that the registration of the security taken on the Collateral in the relevant public registries or official bodies is filed as soon as practicable and in any event no later than one (1) month after the execution of the public deeds of perfection.

3.4 If the Spanish Loan Parties fail to grant the security or if the Spanish Loan Parties fail to comply with any of its obligations under the Perfection Notice, the Security Agent shall be authorised to perfect the security pursuant to the terms of the irrevocable power of attorney granted in Clause 10 of this Agreement, even if the exercise of such powers would involve self-dealing (*autocontratación*) which the Spanish Loan Parties expressly consent in respect of the Security Agent.

#### 4. STATUS

- 4.1 The Security Agent shall be entitled to request from the Spanish Loan Parties any information relating to the status of the assets and properties pertaining to the Collateral and the Spanish Loan Parties shall provide such information to the Security Agent within a maximum term of ten (10) business days from the date of receipt of any requests.
- 4.2 The Spanish Loan Parties shall not transfer, create security, sell, encumber, mortgage, charge or in any other manner dispose of the assets pertaining to the Collateral until all amounts due and outstanding under the Credit Agreement have been fully repaid to the Secured Parties, except as permitted under the terms and conditions of the Credit Agreement.

#### 5. SECURED LIABILITIES

- 5.1 The Collateral shall secure the repayment of all present and future payment obligations and liabilities owed by the Borrower or the Spanish Loan Parties to all or any of the Secured Parties under the Loan Documents, including (a) to the extent arising pursuant to or in connection with the Credit Agreement or any other Loan Documents, any and all loans, advances, debts, liabilities and obligations owed to the Secured Parties in any capacity whatsoever, of any kind or nature, present or future (whether in principal, interest, fees, costs, expenses, commissions, accessories and other amounts due, whether or not evidenced by a note, guaranty or other instrument, whether or not for the payment of money), absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, contractual or tortious, liquidated or unliquidated, regardless of how such indebtedness or liabilities arise or whether evidenced by any agreement or instrument, (b) any and all amounts due under any and all Foreign Currency Hedge (as defined in the Credit Agreement) and/or Interest Rate Hedge (as defined in the Credit Agreement) and (c) any amounts due under any Other Lender Provided Financial Service Product, all as further defined in the Credit Agreement. Notwithstanding anything to the contrary contained in the foregoing, the Secured Obligations shall not include any Excluded Hedge Liabilities, as defined in the Credit Agreement (the “**Secured Obligations**”).
- 5.2 For purposes of the determination of the secured liabilities vis-à-vis third parties, the Parties will agree on the amount of the secured liabilities upon perfection of the relevant security.

#### 6. REPRESENTATIONS AND WARRANTIES

- 6.1 The Spanish Loan Parties represent and warrant to the Security Agent as follows:
- (a) They have full authority and capacity to execute this Agreement and to comply with the obligations under this Agreement;
  - (b) They have the required power, title and capacity to execute this Agreement;

- (c) The assets pertaining to the Collateral will be free from any liens and encumbrances at the time of perfection of the security in order to be a first- priority security;
- (d) They have complied with all formalities and carried out all corporate actions for the authorisation, granting and compliance with this Agreement; and
- (e) To the best of their knowledge and belief, the obligations contemplated in this Agreement (i) do not contravene any regulations or orders; (ii) do not conflict with the deed of incorporation or the by-laws of the Spanish Loan Parties; (iii) do not contradict any document, arrangement or agreement that is binding on the Spanish Loan Parties; and (iv) do not require any third party's authorisation, consent, approval, license or permit.

#### **7. COSTS AND EXPENSES**

Any costs and expenses arising from the execution of this Agreement as well as any costs and expenses arising from the perfection of the security on the Collateral (including lawyers' fees, notarial fees, registration fees, administrative charges and stamp duty taxes) shall be fully paid by the Spanish Loan Parties or any other member of their Group.

#### **8. SYNDICATION**

- 8.1 The Spanish Loan Parties acknowledge and agree that the Lenders may syndicate totally or partially the Credit Agreement or any rights arising therefrom by means of credit transfers or assignments in accordance with the terms of the Credit Agreement.
- 8.2 The Spanish Loan Parties acknowledge and agree that in accordance with Section 1528 of the Spanish Civil Code, any assignment or transfer carried out by the Secured Parties (or any subsequent assignee or transferee thereof) under the provisions of the Credit Agreement shall automatically entail the constitution of the transferee or assignee as the beneficiary of the undertakings set out in this Agreement. The Spanish Loan Parties hereby waive any right to require any formality other than those set out in the Credit Agreement in order to evidence the transfers, assignments or subrogation mentioned in this section and it hereby acknowledges and agrees that the Security Agent may enforce all the rights arising out of this Agreement on its own behalf. Notwithstanding the above, the Spanish Loan Parties undertake that, upon the Security Agent's request, it will grant such public deeds or private documents as may be necessary or convenient to evidence such transfers or assignments.

#### **9. SECURITY AGENT**

All rights and powers conferred upon the Security Agent in connection with the security have been granted in its capacity as security agent under and in connection with the Credit Agreement and for the avoidance of doubt shall be deemed to have been granted for the benefit of the Secured Parties under the Credit Agreement.

#### **10. IRREVOCABLE POWER OF ATTORNEY**

- 10.1 The Spanish Loan Parties undertake to grant in favour of the Security Agent an irrevocable deed of powers (*escritura de poder notarial irrevocable*) in a separate public deed executed in Spanish on the date hereof in favour of the Security Agent, so that, in the event that the Spanish Loan Parties do not carry out (upon the request by the Security Agent) any of the acts set out in this Agreement within the required timeframes, the Security Agent through its delegates, attorneys, representatives or agents may in the name and on behalf of the Spanish Loan Parties exercise any and all of the following powers:
- (a) To grant, execute and deliver the relevant security on the Collateral, on its behalf and on behalf of the Secured Parties, on the terms deemed convenient by the Security Agent;
  - (b) To sign, execute and grant any other public deeds or private documents which may be required or deemed necessary by the Security Agent for the granting and perfection of the relevant security on the Collateral in the name and on behalf of the Spanish Loan Parties;
  - (c) To pay, at the Spanish Loan Parties' expense, any taxes, costs, expenses, notarial and registration fees arising from the execution and registration of the relevant security at the relevant public registries;
  - (d) To appear before such authorities, notaries, registrars, bodies, private and public registries and Administrations as may be required in relation to the matters contemplated herein, for the perfection and registration of the security taken on the Collateral; and
  - (e) To carry out such complementary or supplemental actions as may be necessary or convenient to exercise the powers granted.
- 10.2 Since this irrevocable power of attorney is granted in the interest not only of the Spanish Loan Parties, but also, and specially, in the interest of the Security Agent and the Secured Parties, and that it is necessary for the fulfilment of the obligations assumed by them in the Credit Agreement, this power of attorney will be deemed to be irrevocable and shall remain in full force and effect as long as any obligations under the Credit Agreement are outstanding.
- 10.3 In the event that the Security Agent is replaced in accordance with the terms of the Credit Agreement, the new Security Agent appointed in accordance with the terms of the Credit Agreement shall be vested with these powers on the same terms and conditions as the Security Agent originally appointed.
- 10.4 The Spanish Loan Parties acknowledge and accept that the exercise by the Security Agent of the authority received under this power of attorney may include self- contracting (*auto-contratación*), which is accepted with respect to the Security Agent, the Secured Parties and their assignees or transferees.

## 11. CANCELLATION

This Agreement shall be cancelled and terminated once all amounts due under the Credit Agreement have been fully repaid to the Lenders.

## 12. NOTICES

- 12.1 Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by letter or by e-mail.
- 12.2 The address and e-mail address of each Party for any communication or document to be made or delivered under or in connection with this Agreement shall be the following:
- (a) For Grupo FerroAtlántica, S.A.U.:  
[ ]
  - (b) For FerroAtlántica, S.A.U.:  
[ ]
  - (c) For PNC Bank, National Association:  
[ ]
- 12.3 Any communication or document made or delivered by one person to another under or in connection with this Agreement will only be effective:
- (a) if by way of e-mail, when received in readable electronic form and addressed in such a manner as specified by the relevant Party for such communication; or
  - (c) if by way of letter, when it has been left at the relevant address or five (5) business days after being deposited in the post postage prepaid in an envelope addressed to it at that address.

## 13. NOTARIAL INTERVENTION

- 13.1 The Parties execute this Agreement as a notarial policy with the intervention of the Notary of Madrid Francisco Miras Ortiz on the same date of its execution.
- 13.2 The Parties authorise the issuance of second and further notarial copies of this policy for the purposes of Section 517 of the Civil Procedure Act (*Ley de Enjuiciamiento Civil*) and hereby authorise the Security Agent to request the issuance of such additional notarial copies of this deed.

## 14. GOVERNING LAW AND JURISDICTION

- 14.1 This agreement shall be governed by Spanish laws.

14.2 The Courts of the City of Madrid have exclusive jurisdiction to settle any disputes arising out of or in connection with this Agreement.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement in one original counterpart on the date and place first above written.

La presente Póliza de Promesa de Constitución de Garantía Real se formaliza con la intervención del Notario de Madrid y de su Ilustre Colegio, que figura en el encabezamiento, a los efectos de lo previsto en el Artículo 1.216 del Código Civil, el Artículo 517 de la Ley de Enjuiciamiento Civil, y demás legislación concordante.

Y yo el Notario hago constar que:

Los otorgantes, en la representación que ostentan reseñada en la intervención de la presente, tienen facultades representativas que son a mi juicio suficientes para la promesa de constitución de garantía real que se documenta en la presente póliza.

Los comparecientes, según intervienen en la presente Póliza, manifiestan su conformidad y aprobación al contenido de la misma tal y como aparece redactado, en lengua inglesa idioma que yo el Notario conozco en lo suficiente, al amparo de lo previsto en el artículo 51 del Código de Comercio; extendida en ( ) hojas incluidos sus anexos, la otorgan y firman, con mi intervención. Advierto a los firmantes del derecho a la traducción a la lengua española del presente documento, derecho al que renuncian, manifestando conocer la lengua inglesa, y en consecuencia, el alcance y significado de todo su contenido.

Y yo el Notario, habiendo hecho las oportunas advertencias legales, DOY FE de la identidad de los comparecientes, de la legitimidad de sus firmas, de que a mi juicio tienen la capacidad y legitimación necesarias para el otorgamiento de la presente Póliza, de que el consentimiento ha sido libremente prestado, y de que el otorgamiento se adecua a la legalidad y a la voluntad debidamente informada de los otorgantes e intervinientes.

Madrid, a [ ] de [ ] de 2018.

---

---

**CON MI INTERVENCIÓN**

**EL NOTARIO**

EXHIBIT I

ASSETS AND PROPERTIES OF THE SPANISH LOAN PARTIES  
PERTAINING TO THE COLLATERAL



Date/Fecha

2018

---

[]

Como Pignorante/as Pledgor

**PNC BANK, NATIONAL ASSOCIATION**  
Como Agente de Garantías/ as Security Agent

[]

Como Entidades Acreditantes/ as Secured Parties

---

**CONTRATO DE PRENDA SOBRE DERECHOS DE CRÉDITO  
DERIVADOS DE PRÉSTAMOS/  
CREDIT RIGHTS OVER LOAN AGREEMENTS PLEDGE AGREEMENT**

---



Squire Patton Boggs (UK) LLP  
Plaza Marqués de Salamanca, 3-4  
28006 Madrid  
Spain

---



"Partes Garantizadas" y cada uno de ellos, de forma individual, como él o una "Parte Garantizada".

Asimismo, el Pignorante y las Partes Garantizadas serán denominados, conjuntamente, como las "Partes".

Las Partes se reconocen mutuamente la capacidad legal necesaria para la suscripción del presente acuerdo y, a tal efecto,

Likewise, the Pledgor and the Secured Parties shall be jointly referred to as the "Parties".

The Parties mutually acknowledge that they have sufficient legal capacity to enter into this agreement and, to this effect,

#### EXPONEN

- I. Que, con fecha de [ ] de [ ] de 2018, PNC en su calidad de Entidad Acreditante y Agente de Garantías, las Entidades Acreditantes, Ferroglobe PLC como acreditada (la "Acreditada"), Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. y FerroPem, S.A.S. en calidad de garantes (los "Garantes" y conjuntamente con la Acreditada, las "Partes Financieras") entre otros, han suscrito un contrato de financiación (*Credit Agreement*) por importe máximo de USD 250.000.000, sujeto a la legislación del estado de Nueva York, Estados Unidos de América (en adelante, tal y como sea novado, modificado o suplementado en cada momento, el "Contrato de Financiación"), en virtud del cual se han concedido diversas facilidades crediticias a la Acreditada. El Contrato de Financiación fue elevado a público con fecha [ ], de 2018, ante el Notario [ ], con número [ ] de su protocolo.
- II. Que, con fecha [ ] de [ ] de 2018, el Agente de Garantías, Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. y FerroPem, S.A.S., entre otros, han suscrito un contrato de garantía (*Continuing Agreement of Guaranty and Suretyship*), en virtud del cual los Garantes han accedido a garantizar como obligado principal los importes adeudados por la Acreditada bajo el Contrato de Financiación (el "Contrato de Garantía"). El Contrato de Garantía fue elevado a público con fecha [ ], de 2018, ante el Notario [ ], con número [ ] de su protocolo.
- III. Que, el Pignorante es titular de los derechos de crédito derivados de la concesión de los contratos de préstamos identificados y que se adjuntan en el Anexo 2 (los "Contratos de

#### RECITALS

- I. Whereas, on [ ] [ ], 2018, PNC as Lender and Security Agent, the Lenders, Ferroglobe PLC as borrower (the "**Borrower**"), Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. and FerroPem, S.A.S. as guarantors (the "**Guarantors**" and together with the Borrower the "**Loan Parties**"), among others, have entered into a credit facility agreement up to the maximum amount of USD 250,000,000, under the laws of the state of New York, United States of America (hereinafter, as it may be amended, novated or supplemented from time to time, the "**Credit Agreement**") under which certain credit facilities have been granted to the Borrower. The Credit Agreement was raised into public deed on [ ] [ ] 2018, before the Notary public [ ], with number [ ] of his records.
- II. Whereas, on [ ] [ ], 2018, the Security Agent, Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. and FerroPem, S.A.S, among others, have entered into a continuing agreement of guaranty and suretyship, under which the Guarantors have agreed to secure as primary obligor, the amounts owed by the Borrower under the Credit Agreement (the "**Guaranty Agreement**"). The Guaranty Agreement was raised into public deed on [ ] [ ] 2018, before the Notary public [ ], with number [ ] of his records.
- III. Whereas, the Pledgor owns the credit rights arising from the loan agreements identified and attached hereto as Annex 2 (the "**Loan Agreements**"). For the purposes of this

Préstamos”). A los efectos de este contrato, cualesquiera derechos de crédito presentes o futuros de cualquier naturaleza que existan o puedan surgir directa o indirectamente por cualquier razón a favor del Pignorante como acreedor bajo los citados Contratos de Préstamo serán denominados como los “Derechos de Crédito”.

IV. Que, el otorgamiento de ciertas garantías, incluyendo la creación de un derecho real de prenda de primer rango sobre los Derechos de Crédito derivados de los Contratos de Préstamo se ha establecido como una condición precedente bajo el Contrato de Financiación.

V. Que, a tal efecto, con objeto de garantizar el íntegro y puntual cumplimiento de la totalidad de las obligaciones asumidas por las Partes Financieras bajo el Contrato de Financiación y el Contrato de Garantía, el Pignorante está de acuerdo en otorgar una prenda de primer rango sobre los Derechos de Crédito derivados de los Contratos de Préstamo referidos en el Anexo 2 anterior a favor de las Partes Garantizadas (la “Prenda”).

VI. Que, según lo expuesto, las Partes, convienen suscribir el presente contrato de prenda (en lo sucesivo, el “**Contrato de Prenda**” o el “**Contrato**”), que se regirá por las siguientes

#### CLÁUSULAS

##### 1. INTERPRETACIÓN Y DEFINICIONES

Los términos que aparecen en mayúsculas en el presente Contrato tendrán el significado que aquí se establece:

“**Agente de Garantías**” significa PNC Bank, National Association.

“**Contrato de Financiación**” tendrá el significado referido en el Expositivo I anterior.

“**Contrato de Garantía**” significa el Contrato Continuo de Garantía y Afianzamiento referido en el Expositivo II anterior.

agreement, any existing or future credit rights of any nature that arise or may arise directly or indirectly for any reason in favor of the Pledgor as creditor arising from the said Loan Agreements shall be referred to as the “**Credit Rights**”.

IV. Whereas, the granting of certain security, including the creation of a first ranking pledge over the Credit Rights under the Loan Agreements, it has been set out as a condition precedent under the Credit Agreement.

V. Whereas, to this purpose, as security of the punctual and full performance of all the obligations assumed by the Loan Parties under the Credit Agreement and the Guaranty Agreement, the Pledgor agrees to grant a first ranking pledge over the Credit Rights under the Loan Agreements referred to under Annex 2 above in favor of the Secured Parties (the “**Pledge**”).

VI. That, in light of the above, the Parties have agreed to execute this pledge agreement (the “**Pledge Agreement**”, or the “**Agreement**”) which will be governed by the following

#### CLAUSES

##### 1. DEFINITIONS AND INTERPRETATION

Capitalised terms shall have the meanings as set out herein:

“**Security Agent**” means PNC Bank, National Association.

“**Credit Agreement**” shall have the meaning described in Recital I above.

“**Guaranty Agreement**” means the Continuing Agreement of Guaranty and Suretyship described in Recital II above.

“**Contratos de Préstamo**” tendrá el significado referido en el Expositivo III anterior.

“**Derechos de Crédito**” significa cualesquiera derechos de crédito presentes o futuros de cualquier naturaleza que existan o puedan surgir directa o indirectamente por cualquier razón a favor del Pignorante como acreedor bajo los Contratos de Préstamo identificados en el Anexo 2.

“**Deudores**” significa los obligados al pago de las obligaciones derivadas de los Contratos de Préstamo de los que emanan los Derechos de Crédito pignorados.

“**Documentos de la Financiación**” significa el presente Contrato, el Contrato de Garantía, el Contrato de Financiación, así como cualesquiera otros documentos que noven, clarifiquen, rectifiquen o sustituyan los documentos anteriormente mencionados.

“**Entidades Acreditantes**” significa PNC, [ ], [ ], [ ], [ ], [ ], [ ] y [ ].

“**Obligaciones Garantizadas**” significa todas las obligaciones de pago presentes y futuras adeudadas por la Acreditada o los Garantes a todas o cualquiera de las Partes Garantizadas bajo los Documentos de Financiación, incluyendo (a) en la medida en que surja de conformidad con el Contrato de Financiación o cualquiera de los Documentos de la Financiación, todos y cada uno de los préstamos, anticipos, deudas, responsabilidades y obligaciones, adeudadas a las Partes Garantizadas en cualquier capacidad, de cualquier tipo o naturaleza, presentes o futuros (ya sea en el capital principal, intereses, honorarios, costes, gastos, comisiones, accesorios y otros importes adeudados, evidenciados o no mediante pagare, garantía u otro instrumento, ya sea o no para el pago de dinero), absolutas o contingentes, mancomunados o solidarias, vencidas o próximas a su vencimiento, presentes o surgidas en el futuro, contractuales o perjudiciales, liquidadas o sin liquidar, independientemente de cómo surja dicho endeudamiento o responsabilidad, o si se evidencia por cualquier acuerdo o instrumento, (a) todos y cada uno de los importes vencidos en virtud del Derivado de Cobertura sobre Divisa Extranjera (según este término se define en el Contrato de Financiación) y/o el Derivado del Tipo de Interés (según se define en el Contrato de Financiación) y (c) cualquier cantidad adeudada bajo cualquier otro Producto de Servicios Financieros Otorgado por Otra Entidad Acreditante, todo ello según lo definido en el Contrato de Financiación. Sin perjuicio de cualquier disposición contraria establecida en lo anterior, las Obligaciones Garantizadas no incluirán ningún Pasivo de Cobertura Excluido, tal como se define en el Contrato de Financiación.

“**Loan Agreements**” shall have the meaning described in Recital III above.

“**Credit Rights**” means any existing or future credit rights of any nature that arise or may arise directly or indirectly for any reason in favor of the Pledgor as creditor arising from the Loan Agreements identified to in Annex 2.

“**Debtors**” means the obligors to the payments of the obligations arising from the Loan Agreements under which the Credit Rights pledged arise.

“**Loan Documents**” means this Agreement, the Guaranty Agreement, the Credit Agreement, as well as any other documents that amend, clarify, rectify or replace the aforementioned documents.

“**Lenders**” means PNC [ ], [ ], [ ], [ ], [ ], [ ] and [ ].

“**Secured Obligations**” means all present and future payment obligations and liabilities owed by the Company or the Guarantors to all or any of the Secured Parties under the Loan Documents, including (a) to the extent arising pursuant to or in connection with the Credit Agreement or any other Loan Documents, any and all loans, advances, debts, liabilities and obligations owed to the Secured Parties in any capacity whatsoever, of any kind or nature, present or future (whether in principal, interest, fees, costs, expenses, commissions, accessories and other amounts due, whether or not evidenced by a note, guaranty or other instrument, whether or not for the payment of money), absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, contractual or tortious, liquidated or unliquidated, regardless of how such indebtedness or liabilities arise or whether evidenced by any agreement or instrument, (b) any and all amounts due under any and all Foreign Currency Hedge (as defined in the Credit Agreement) and/or Interest Rate Hedge (as defined in the Credit Agreement) and (b) any amounts due under any Other Lender Provided Financial Service Product, all as further defined in the Credit Agreement. Notwithstanding anything to the contrary contained in the foregoing, the Secured Obligations shall not include any Excluded Hedge Liabilities, as defined in the Credit Agreement.

“**Partes Financieras**” significa Ferroglobe PLC, Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. y FerroPem, S.A.S.

“**Partes Garantizadas**” PNC, [], [], [], [], [], [] y [].

“**Supuesto de Ejecución**” significa lo dispuesto en la Cláusula 8.1 siguiente.

“**Supuesto de Incumplimiento**” significa lo dispuesto en la cláusula 9 (*Event of Default*) del Contrato de Financiación.

“**Loan Parties**” means Ferroglobe PLC, Globe Specialty Metals, Inc, Grupo FerroAtlántica S.A.U., FerroAtlántica S.A. and FerroPem, S.A.S.

“**Secured Parties**” means PNC [], [], [], [], [], [] and [].

“**Enforcement Event**” has the meaning given under Clause 8.1 below.

“**Event of Default**” has the meaning given under clause 9 (*Event of Default*) of the Credit Agreement.

## 2. CONSTITUCIÓN DE PRENDA DE PRIMER RANGO

**2.1** En garantía del íntegro y puntual cumplimiento de las Obligaciones Garantizadas, y sin perjuicio de la responsabilidad patrimonial universal del Pignorante prevista en el artículo 1.911 del Código civil y que no se entiende limitada en modo alguno por el otorgamiento de la Prenda, el Pignorante constituye un derecho real de prenda de primer rango sobre la totalidad de los Derechos de Crédito presentes y futuros de su titularidad derivados de los Contratos de Préstamo identificados en el Annexo 2, a favor de las Partes Garantizadas, que lo aceptan, en garantía del cumplimiento de las Obligaciones Garantizadas. El Agente de Garantías acepta expresamente el derecho real de prenda en su propio nombre y derecho y en nombre y representación de los restantes Partes Garantizadas.

**2.2** La Prenda constituida en virtud del presente contrato se constituye como prenda con desplazamiento posesorio de conformidad con los artículos 1.526, 1.857 y 1.865 del Código Civil, por lo que la Prenda será plenamente eficaz y oponible frente a terceros y frente a la Acreditada y los Garantes desde el momento del otorgamiento de la presente Prenda.

## 2. CREATION OF A FIRST RANKING PLEDGE

**2.1** As security of full and timely fulfilment of all the Secured Obligations, and without prejudice to the general liability (*responsabilidad patrimonial universal*) of the Pledgor under section 1,911 of the Spanish Civil Code, which shall not be limited in any way by the creation of this Pledge, the Pledgor hereby grants a first ranking in rem right of pledge over all of its present and future Credit Rights arising from the Loan Agreements identified to in Annex 2, in favor of the Secured Parties, which accept the Pledge granted in their favor, as security for the fulfillment of the Secured Obligations. The Security Agent hereby expressly accepts the creation of the in rem right of pledge in its own name and in name and on behalf of the Secured Parties.

**2.2** The Pledge created in this document is a pledge with transfer of possession (*prenda con desplazamiento*) under sections 1,526, 1,857, and 1,865 of the Spanish Civil Code, so that the Pledge will be fully effective and enforceable against third parties and against the Borrower or the Guarantors from the time upon the granting of this Pledge.

### 3. ENTREGA DE LA POSESIÓN

La Prenda constituida en el presente Contrato es efectiva desde el mismo momento de su otorgamiento, conforme a lo previsto en el artículo 90.1.6º de la Ley Concursal, entendiéndose producida a todos los efectos la transmisión de la posesión de los Derechos de Crédito pignorados, conforme a lo previsto en el artículo 1.863 del Código Civil.

No obstante lo anterior, las Partes instruyen por la presente al Notario interviniente a fin de que realice, a la mayor brevedad posible, la notificación de la constitución de la Prenda y del contenido de éste Contrato por correo certificado con acuse de recibo a los Deudores bajo los Contratos de Préstamo que constan en el **Anexo 2**, en su condición de deudores de los Derechos de Crédito pignorados, a cuyo efecto, las Partes le entregan una carta con el modelo de notificación que se adjunta como **Anexo 3**.

### 4. INDIVISIBILIDAD DE LA PRENDA

- 4.1 La Prenda que se constituye a favor de las Partes Garantizadas garantiza el íntegro y total cumplimiento de la totalidad de las Obligaciones Garantizadas.
- 4.2 La Prenda y el ejercicio de la acción real pignoraticia que lleva aparejada se entienden sin perjuicio de las obligaciones que para la Acreditada y los Garantes se derivan de Documentos de la Financiación, que no se entienden limitadas en modo alguno por la constitución de la Prenda.
- 4.3 La Prenda tiene el carácter de indivisible. En consecuencia, los Derechos de Crédito pignorados garantizan el íntegro cumplimiento de las Obligaciones Garantizadas. El cumplimiento parcial de las Obligaciones Garantizadas no extinguirá proporcionalmente la Prenda, que sólo se cancelará una vez que hayan sido íntegramente satisfechas la totalidad de las Obligaciones Garantizadas.

### 3. DELIVERY OF POSSESSION

The Pledge created in this Agreement is effective from the moment of its granting, in accordance with section 90.1.6 of the Insolvency Act, and therefore having produced, to all effects, the transfer of possession of the Credit Rights pledged, under section 1,863 of the Spanish Civil Code.

Notwithstanding the foregoing, the Parties hereby instruct the attesting Notary to notify, as soon as possible, in writing the creation of the Pledge and the provisions of this Agreement by registered mail with acknowledgement to the Debtors under the Loan Agreements listed to in **Annex 2**, in their condition as debtors of the Loan Agreements pledged, to this effect, the Parties hereby deliver to the Notary a notice form attached hereto as **Annex 3**.

### 4. INDIVISIBILITY OF THE PLEDGE

- 4.1 The Pledge granted for the benefit of the Secured Parties secures the payment and discharge of all of the Secured Obligations.
- 4.2 The Pledge and the exercise of the pledge enforcement attached will be deemed to be without prejudice to the obligations assumed by the Borrower and the Guarantors under the Loan Documents, which shall not be limited whatsoever by the creation of this Pledge.
- 4.3 This Pledge is granted with an indivisible nature. Consequently, the Credits Rights pledged secure the full payment and discharge of all of the Secured Obligations. The partial discharge of the Secured Obligations will not proportionally extinguish the Pledge, which may only be cancelled after the Secured Obligations are discharged in full.

## 5. EXTENSIÓN DE LA PRENDA

### 5.1 Sustitución de activos

La Prenda sobre los Derechos de Crédito pignorados se extenderá y comprenderá, con carácter enunciativo, pero no limitativo a:

- (a) Cualesquiera cantidades en efectivo de las que sea titular el Pignorante en que pudieran convertirse los Derechos de Crédito pignorados, por razón de cualquier negocio jurídico realizado sobre los mismos por el Pignorante;
- (b) Cualquier interés o rendimiento económico generado por los Derechos de Crédito;
- (c) Cualesquiera bienes o derechos del Pignorante que sustituyeran a los Derechos de Crédito pignorados, incluidos los derivados de la novación o la sustitución de los Derechos de Crédito pignorados y/o de los Documentos de Financiación;
- (d) El Pignorante informará al Agente de Garantías tan pronto como se haya producido cualquiera de las circunstancias mencionadas en el apartado anterior.

En adelante, cualquier referencia hecha a los Derechos de Crédito pignorados en este Contrato, se entenderá hecha a cualquier derecho, título u objeto que, en virtud de lo indicado en esta Cláusula, sustituya a los Derechos de Crédito pignorados o que sea intercambiable por los inherentes a los mismos.

Sin perjuicio de que la extensión de la Prenda operará de manera automática cuando ocurra cualquiera de las circunstancias descritas anteriormente, el Pignorante se compromete, sujeto a los términos de Documentos de la Financiación, a otorgar cuantos documentos públicos o privados sean necesarios a los efectos de perfeccionar y evidenciar dicha extensión en un plazo de un (1) mes desde el momento en el que tenga lugar cualquiera de las circunstancias anteriores.

## 5. EXTENSION OF THE PLEDGE

### 5.1 Substitution of assets

The Pledge over the Credit Rights pledged shall extend to and comprise, including but not limited to:

- (a) Any monies owned by the Pledgor in which the Credit Rights pledged may be converted, by reason of any legal transaction carried out on them by the Pledgor;
- (b) Any interest or economic return generated by the Credit Rights;
- (c) Any of the Pledgor's assets or rights that, from time to time, replace the Credit Rights pledged, including those derived from the novation or substitution of the Credit Rights pledged and/or the Loan Documents;
- (d) The Pledgor shall inform the Security Agent as soon as any of the events outlined in the previous paragraph takes place.

Hereinafter, any references made to the Credit Rights in this Agreement shall be understood to be made to any right, security or asset that, by virtue of what is provided for under this Clause, replaces the Credit Rights pledged or is interchangeable for or inherent to the latter.

Without prejudice to the extension of the Pledge operating automatically upon the occurrence of any of the events described above, the Pledgor undertakes, subject to the terms of the Loan Documents, to execute all such public and/or private documents which may be necessary for the purposes of perfecting and evidencing such extension within one (1) month following the occurrence of any of such events above.



## 6. OBLIGACIONES DEL PIGNORANTE

- 6.1 En tanto subsista la Prenda, el Pignorante no podrá enajenar, transmitir, ceder, gravar, o disponer de cualquier otra manera los Derechos de Crédito pignorados, excepto con el consentimiento previo y por escrito las Partes Garantizadas a través del Agente de Garantías.
- 6.2 Sin perjuicio de lo anterior, el Pignorante podrá seguir recibiendo los importes correspondientes a intereses o principal bajo los Contratos de Préstamo, debiendo ingresar el importe de los pagos en las cuentas corrientes números [ ] abiertas con los bancos [ ], que se encuentran pignoradas en virtud de prenda de derechos de crédito sobre cuentas corrientes que en esta misma fecha han otorgado las Partes o en cualquier otra cuenta corriente que en el futuro se designe por el Agente de Garantías y se pignore en garantía de las Obligaciones Garantizadas, a menos que se haya producido y notificado al Pignorante cualquier Supuesto de Incumplimiento de las Obligaciones Garantizadas en los términos descritos en la cláusula 9 (*Event of Default*) del Contrato de Financiación, en cuyo caso se estará a lo dispuesto en la Cláusula 8 siguiente.
- 6.3 Durante el plazo de vigencia de la Prenda, el Pignorante se compromete incondicional e irrevocablemente a:
- (a) no adoptar, o permitir la adopción de ninguna actuación que pueda perjudicar los derechos bajo la Prenda a favor de las Partes Garantizadas, tales como la prioridad de las Obligaciones Garantizadas, la ejecución de la Prenda, la naturaleza legal de los Derechos de Crédito pignorados o similares;
  - (b) no gravar, crear ningún derecho de preferencia, o aceptar la creación o imposición de cualquier carga o gravamen, derecho u opción o restricción en la transferibilidad de los Derechos de Crédito pignorados hasta que las Obligaciones Garantizadas hayan sido satisfechas incondicional e irrevocablemente en su totalidad y la Prenda haya sido liberada en su totalidad (salvo autorización por parte de las Partes Garantizadas);

## 6. UNDERTAKINGS OF THE PLEDGOR

- 6.1 During the term of this Pledge, the Pledgor shall not be entitled to sell, transfer, assign, encumber, charge or in any manner dispose of the Credit Rights pledged, except with the prior written consent of the Secured Parties through the Security Agent.
- 6.2 Without prejudice, the Pledgor may continue to collect the corresponding amounts of interests and principal under the Loan Agreements, and shall deposit such payments collected in the bank accounts numbered [ ] held by the Pledgor at the account banks, that are pledged pursuant to the pledge agreement over the credit rights over the bank accounts executed on this date between the Parties or in any other bank account that may be designated by the Security Agent and pledged under the Secured Obligations, provided that no Event of Default of any of the Secured Obligations has occurred and has been notified to the Pledgor, under clause 9 (*Event of Default*) of the Credit Agreement, in which case the provisions under Clause 8 below shall apply.
- 6.3 The Pledgor unconditionally and irrevocably undertakes, during the term of the Pledge:
- (a) not to take, or permit the taking of, any step that may impair the rights under the Pledge in favor of the Secured Parties, as the priority of the Secured Obligations, enforceability of the Pledge, legal nature of the Credit Rights pledged or the like;
  - (b) not to encumber, create any preemptive right over, or accept the creation or imposition of any charge or encumbrance, right or option or restriction on the transferability of the Credit Rights pledged until the Secured Obligations have been unconditionally and irrevocably satisfied in full and the Pledge has been fully released (unless permitted by the Secured Parties);

- |   |  |
|---|--|
| <p>(c) no realizar cualesquiera actuaciones u omisiones que puedan perjudicar sustancialmente los derechos de las Partes Garantizadas bajo la Prenda;</p> <p>(d) notificar al Agente de Garantías sobre cualquier situación que pueda conducir a un procedimiento concursal que implique la imposibilidad del Pignorante para cumplir sus obligaciones;</p> <p>(e) notificar al Agente de Garantías dentro de los quince (15) días hábiles siguientes a tener noticia de cualquier procedimiento de naturaleza judicial o extrajudicial que pudiera afectar a los Derechos de Crédito pignorados, los Contratos de Préstamo o la presente Prenda; y</p> <p>(f) no formalizar ningún contrato que pueda infringir o conllevar un Supuesto de Incumplimiento (<i>Event of Default</i>) según el Contrato de Financiación, el Contrato de Garantía o bajo este Contrato.</p> | <p>(c) to refrain from any act or omission which could materially prejudice the rights of the Secured Parties under the Pledge;</p> <p>(d) to notify the Security Agent of any situation that could lead to a formal insolvency proceeding (<i>procedimiento concursal</i>) involving the Pledgor or that may imply the inability of the Pledgor to fulfill its obligations;</p> <p>(e) to report to the Security Agent within fifteen (15) business days following to receive any notice of any proceeding of any court or any out of court process that may affect the Credit Rights pledged, the Loan Agreements or this Pledge; and</p> <p>(f) not to formalize any contract that could infringe or entail an Event of Default under the Credit Agreement (<i>Event of Default</i>), the Guaranty Agreement or under this Agreement.</p> |
|---|--|

## 7. DECLARACIONES Y GARANTÍAS DEL PIGNORANTE

El Pignorante declara y garantiza, en beneficio de las Partes Garantizadas:

- (a) Que es una sociedad válidamente constituida y debidamente inscrita en el Registro Mercantil competente y ostenta plena capacidad de obrar;
- (b) Que tiene capacidad para suscribir y cumplir el presente Contrato y ha realizado todas las actuaciones necesarias para autorizar el otorgamiento y cumplimiento del mismo;
- (c) Que los Derechos de Crédito pignorados son de su exclusiva titularidad y sobre ellos no pesa ninguna carga, gravamen o cualquier otro tipo de derecho a favor de terceros;
- (d) Que los Contratos de Préstamo indicados en el **Anexo 2**, de los que se derivan los Derechos de Crédito pignorados, se otorgaron de conformidad con la legislación aplicable y crea derechos y obligaciones vinculantes para el Pignorante y los Deudores;

## 7. REPRESENTATIONS AND WARRANTIES OF THE PLEDGOR

The Pledgor represents and warrants, for the benefit of the Secured Parties:

- (a) That is a company validly incorporated and duly registered with the relevant Commercial Registry and has full capacity to act;
- (b) That is authorised to enter into and fulfil this Agreement and has carried out all necessary actions to authorise the granting and fulfilment thereof;
- (c) That it holds full legal title over the Credit Rights pledged and that such the Credit Rights are free and clear from any lien, encumbrance whatsoever, or of any other type of third parties' right;
- (d) That the Loan Agreements referred to in **Annex 2**, from which the Credit Rights pledged arise were executed in compliance with the applicable legislation and create binding obligations and rights with respect to the Pledgor and the Debtors;

- (e) Que no existen Contratos de Préstamos adicionales y/o distintos a los indicados en el **Anexo 2**;
- (f) Que a su leal saber y entender del Pignorante, la constitución de la presente Prenda no contradice ninguno de los contratos, obligaciones, acuerdos, compromisos, cargas o regulaciones de las que sea parte o por las que esté obligado, ni supone el incumplimiento de sus términos y condiciones, habiendo sido obtenido, en caso de ser necesarios, todos los consentimientos oportunos al efecto de evitar el incumplimiento de cualquier compromiso adquirido con anterioridad al otorgamiento del presente Contrato; y
- (g) Que el otorgamiento de este Contrato, junto con el desplazamiento posesorio referido en la Cláusula 3 anterior, constituye y crea una garantía real de primer rango los Derechos de Crédito en favor de las Partes Garantizadas en garantía del cumplimiento de las Obligaciones Garantizadas.
- (e) That there are not any additional or different Loan Agreements of those indicated to in **Annex 2**;
- (f) That to the best of its knowledge, the constitution of this Pledge does not conflict any contracts, obligations, agreements, undertakings, charges or regulations to which it is a party or by which it is bound, nor it will imply the breach of such terms and conditions, having been obtained, should it be necessary, all necessary consents in order to avoid the breach of any commitment assumed prior to the execution of this Agreement; and
- (g) That the execution of this Agreement, together with the displacement of possession referred to in Clause 3 above, creates a first ranking in rem right of pledge over the Credit Rights in favor of the Secured Parties as security of the Secured Obligations.

## 8. EJECUCIÓN DE LA PRENDA

### 8.1 Supuesto de Ejecución

Será causa de ejecución de la Prenda un Supuesto de Incumplimiento continuado (el "**Supuesto de Ejecución**").

### 8.2 Determinación de la cantidad líquida

Las Partes acuerdan expresamente que la cantidad vencida, líquida y exigible en caso de ejecución de la Prenda (por cualquiera de los procedimientos aplicables) y a los efectos de los artículos 572 y 573 de la Ley de Enjuiciamiento Civil, será la especificada en la certificación que expida el Agente de Garantías de conformidad con la cláusula [ ] del Contrato de Financiación en la que conste el saldo adeudado por la Acreditada o los Garantes a las Partes Garantizadas y que será calculado de conformidad con lo dispuesto en el Contrato de Financiación.

## 8. ENFORCEMENT OF THE PLEDGE

### 8.1 Enforcement Event

The Pledge will be enforceable upon the occurrence of an Event of Default, which is continuing (the "**Enforcement Event**").

### 8.2 Due and payable amount

The Parties expressly agree that in the event of enforcement of the Pledge (following any of the applicable procedures) the amount due and payable pursuant to the provisions of articles 572 and 573 of the Civil Procedural Law will be the amount specified in the certificate issued by the Security Agent in accordance with clause [ ] of the Credit Agreement setting out the amount owed by the Borrower or the Guarantors to the Secured Parties, calculated in accordance with the Credit Agreement.

### 8.3 Ejecución por el Agente de Garantías

La ejecución de la Prenda y la realización de cualesquiera acciones de defensa o preservación de la misma, será llevada a cabo por el Agente de Garantías, en nombre y representación de aquéllos y siguiendo las instrucciones que a tal efecto le faciliten los mismos.

### 8.4 Procedimientos de ejecución

Para el ejercicio de la acción real pignoratícia, las Partes Garantizadas podrán entablar, a su elección, cualquiera de los procedimientos que legalmente les asisten, y en particular:

- (a) los judiciales ordinarios, declarativos o de ejecución previstos en la Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil (la “**LEC**”);
- (b) el procedimiento ejecutivo para bienes hipotecados o pignorados establecido en los artículos 681 a 698 de la Ley de Enjuiciamiento Civil, en relación con el artículo 635 de esa misma ley, aceptando desde ya las Partes la posibilidad de ejecución a través de persona o entidad especializada del art. 641 LEC a solicitud del Agente de Garantías a su discreción; o
- (c) el extrajudicial establecido en el artículo 1872 del Código Civil o en los artículos 72 a 77 de la Ley del Notariado;

cumpliendo en cada caso los requisitos del procedimiento elegido, sin que la utilización de una vía precluya la posibilidad de acudir a cualquiera de las restantes, en tanto las Obligaciones Garantizadas no hayan sido satisfechas en su integridad o extinguidas de otro modo.

### 8.5 Procedimiento de ejecución bajo la LEC

En el supuesto de que las Partes Garantizadas, a través del Agente de Garantías, decidieran instar cualquiera de los procedimientos previstos en la LEC, las Partes pactan expresamente que bastará para el ejercicio de la acción ejecutiva la presentación de los siguientes documentos:

### 8.3 Enforcement by the Security Agent

The enforcement of the Pledge and any acts in defence or preservation of the Pledge shall be carried out by the Security Agent acting on their behalf and upon their instructions.

### 8.4 Enforcement procedures

For the purposes of the enforcement of the Pledge, the Secured Parties may, at their discretion initiate any legal proceedings available, in particular:

- (a) ordinary, declarative or enforcement judicial proceedings provided under Law 1/2000 of 7th January of Civil Procedure (the “**Civil Procedural Law**”);
- (b) the enforcement proceeding for mortgaged or pledged assets established in articles 681 to 693 of the Civil Procedural Law, in conjunction with article 635 of that same act. The Parties expressly accept that the Security Agent will be entitled to request the enforcement through an specialized entity or person should it deem it fit, at its sole discretion; or
- (c) the non-judicial proceeding set forth in article 1872 of the Civil Code or in articles 72 to 77 of the Spanish Notarial Law;

complying in each case with the requirements of the chosen proceedings and provided that the choice of any of the above proceedings does not limit the possibility of choosing any of the other proceedings, to the extent that the Secured Obligations have not been fully discharged.

### 8.5 Civil enforcement procedure

In the event that the Secured Parties, through the Security Agent, wish to initiate any of the enforcement procedures set forth in the Civil Procedural Law, the Parties hereby agree that for the exercise of the enforcement actions the delivery of the following documents shall suffice:

- (a) la póliza de éste Contrato de Prenda;
  - (b) certificación, expedida por el Agente de Garantías, de la deuda que resulte a cargo de la Acreditada o de los Garantes, así como el extracto de las partidas de cargo y abono y las correspondientes a la aplicación de intereses que determinan el saldo concreto por el que se pide el despacho de ejecución, acreditando que la liquidación de la deuda por la que se ejecuta se ha practicado en la forma pactada en los Documentos de la Financiación;
  - (c) documento que acredite haber notificado previamente al Pignorante, a la Sociedad y a cualquier otra sociedad que resulte Garante en cada momento la cantidad exigible resultante de dicha liquidación. A estos efectos, dicha notificación será suficiente para que la Acreditada y los Garantes se den por notificados.
- (a) the public document (*póliza*) formalising this Pledge Agreement;
  - (b) a certificate issued by the Security Agent, regarding the debt of the Borrower, as well as the extract of the debit and credit entries and those corresponding to the application of interest that determine the specific balance for which the enforcement is requested, certifying that the calculation of the debt which is enforced has been in the manner agreed in the Loan Documents;
  - (c) a document evidencing that the amount due and payable as a result of the aforementioned calculation has been previously notified to the Pledgor, the Company and any other Company holding the position of Guarantor at that time. Such notice will be suffice for the purposes of notifying the Borrower and the Guarantors.

**8.6** En el caso de que los Derechos de Crédito pignorados fuesen inmediatamente convertibles en dinero en el momento de la ejecución, las Partes acuerdan expresamente que no será preciso la celebración de subasta previa para su ejecución, pudiendo el Agente de Garantías, en nombre propio y por cuenta de las Partes Garantizadas, ejecutar directamente la Prenda. A estos efectos el Agente de Garantías, haciendo uso del poder irrevocable al que se refiere la Cláusula 9 siguiente, podrá solicitar a los Deudores el pago directo del importe adeudado bajo los Contratos de Préstamo correspondientes a los Derechos de Crédito pignorados en la cuenta que le indique a tal efecto aplicando el importe íntegro de lo recibido en la misma al pago del importe pendiente de las Obligaciones Garantizadas por las que se ejecute.

Para proceder a la ejecución extrajudicial sin celebrar subasta previa, el Agente de Garantías remitirá a los Deudores un requerimiento estableciendo, (a) que se ha producido un Supuesto de Ejecución, (b) que no se ha atendido el pago de las cantidades debidas por las Partes Financieras a las Partes Garantizadas después de haber sido requeridos para ello, (c) se indicará el importe de las obligaciones vencidas pendientes de pago, y (d) requerirá que ese importe sea ingresado en la cuenta que se indique en el requerimiento.

**8.6** In case the Credit Rights pledged were fit to be converted into cash by the time of execution, the Parties hereby agree that it will not be necessary to celebrate a preliminary auction before execution, and that the Security Agent may, on its own name and on behalf of the Secured Parties, will be entitled to enforce the Pledge by itself by appropriation. To this end, the Security Agent making use of the irrevocable power of attorney referred to in Clause 9 below, shall send a notice to the Debtors requesting the direct payment of the amount owed under the Loan Agreements arising from all the Credit Rights pledged be paid into the account it designates and shall apply any amounts received in that account to the satisfaction of the amount owed under the Secured Obligations.

In order to enforce the Pledge in accordance to the extrajudicial procedure without prior auction, the Security Agent will deliver to the Debtors a notice indicating, (a) the existence of an Enforcement Event, (b) that the amounts owed by the Loan Parties to the Secured Parties have not been paid by the Loan Parties after having been asked to do so, (c) the amount of the unpaid Secured Obligations, and (d) an account number to which this amount is to be transferred.

### 8.7 Procedimiento extrajudicial

Si las Partes Garantizadas, iniciasen el procedimiento establecido en el artículo 1.872 del Código Civil y en los artículos 72 a 77 de la Ley del Notariado, será de aplicación el procedimiento siguiente:

- (a) Los domicilios a efectos de requerimientos y notificaciones serán los que se recogen en la Cláusula 11 posterior, siendo aplicables asimismo en caso de ejecución de acuerdo con el procedimiento previsto en el Capítulo V del Título IV del Libro III de la Ley de Enjuiciamiento Civil;
- (b) La subasta será electrónica y se llevará a cabo en el Portal de Subastas de la Agencia Estatal Boletín Oficial del Estado;
- (c) Abierta la subasta, sólo podrán hacerse pujas electrónicas durante veinte (20) días desde la fecha de apertura;
- (d) Las subastas se celebrarán ante un notario español que será designado por las Partes Garantizadas de conformidad con la legislación vigente;
- (e) El Pignorante, en caso de no comparecer ante el notario, nombra al Agente de Garantías como representante en la subasta de los Derechos de Crédito pignorados, y autoriza irrevocablemente al Agente de las Garantías para que otorgue, en nombre y representación del Pignorante, todos los documentos públicos que sean necesarios para formalizar la transmisión de los Derechos de Crédito a favor del adquirente o adquirentes, según sea el caso, con autorización expresa para que otorgue aquellos documentos en los que el Agente de Garantías sea parte como comprado;

### 8.7 Non-judicial proceedings

In the event that the Secured Parties, should initiate the proceedings contemplated in Article 1,872 of the Spanish Civil Code and the Articles 72 to 77 of the Notaries Act, the following procedure shall apply:

- (a) The addresses for the service of notice and summons are the ones included in Clause 11 below, being also applicable to the enforcement proceeding set out in Chapter V of Title IV of Book III of the Spanish Civil Procedural Act;
- (b) The auction shall be electronic and shall be carried out through the On-line Auction Portal of the State Official Gazette Agency;
- (c) Once the auction is opened, electronic bids can only take place during twenty (20) days following the opening;
- (d) The auctions shall be held before a Spanish Notary public appointed by the Secured Parties in accordance with applicable laws;
- (e) The Pledgor, in the event it does not appear before the notary public, appoints the Security Agent as its representative at the auction of the Credit Rights pledged, and hereby irrevocably authorises it to execute in the name and on behalf of the Pledgor any and all public documents which may be necessary to formalise the transfer of the Credit Rights pledged in favor of the acquirer(s), with express authorisation to execute those documents if the Security Agent is party to them as acquirer;

- (f) Las subastas se notificarán fehacientemente al Pignorante por cualquier medio que permita acreditar la recepción y el contenido de la notificación a los domicilios que se establecen en la Cláusula 11 posterior con al menos quince (15) días de antelación a aquel que se señale para la subasta, y en particular las siguientes:
- El importe que deba ser debidamente satisfecho por medio de la ejecución de la Prenda.
  - La fecha de la subasta y la hora a la que se celebrarán, la cantidad que sirva de tipo inicial en las subastas y el depósito exigido para participar en las subastas.
- (g) El tipo de salida de los Derechos de Crédito a los efectos de su subasta será el valor nominal de los Derechos de Crédito;
- (h) Para la segunda subasta, el tipo de salida será el setenta y cinco por ciento (75%) del tipo de salida indicado en el apartado (g) anterior.
- (i) Igualmente, a petición del Agente de Garantías, se podrán celebrar subastas parciales, es decir, únicamente sobre parte de los Derechos de Crédito pignorados;
- (j) Todos los licitadores oferentes deberán depositar en garantía ante el notario una cantidad igual al cinco por ciento (5%) del tipo de salida de los Derechos de Crédito en la primera subasta. Tal cantidad será devuelta a los licitadores que no resulten adjudicatarios una vez realizada la subasta. El Agente de Garantías queda expresamente autorizado por las Partes para comparecer en la representación que ostenta de las Partes Garantizadas, en todas las subastas como licitador y sin necesidad de realizar el mencionado depósito;
- (k) el licitador que resulte adjudicatario de la subasta deberá pagar la diferencia entre el importe depositado en garantía y el precio de adjudicación de los Derechos
- (f) The auctions shall be notified to the Pledgor by any means which may evidence the content and receipt of the notice (fehacientemente) at the address referred to in Clause 11 below by no less than fifteen (15) days prior to notice of the date indicated for the auction;
- The amount to be duly paid by means of the enforcement of the Pledge.
  - The date of the auction and the time at which they will take place, the amount which shall serve as an initial bid (*tipo*) at the auctions, as well as the deposit required to participate in the auction.
- (g) The reference price of the Credit Rights pledged for the purposes of their auction shall be the face value of the Credit Rights;
- (h) For the second auction, the minimum reference price shall be seventy-five per cent. (75%) of the price indicated in section (g) above.
- (i) Likewise, at the request of the Security Agent partial auctions of part of the Credit Rights pledged may also be held;
- (j) All bidders must place a deposit of five per cent. (5%) of the reference price of the Credit Rights for the first auction with the notary. This amount shall be returned to unsuccessful bidders once the auction has finished. The Security Agent is hereby expressly authorised by the Parties to bid at any of the auctions, on its behalf and on that of the Secured Parties, with no need to make such a deposit;
- (k) The bidder who wins must pay the difference between the deposit he has made and the acquisition price at the notary's bureau or at the financial

de Crédito en la notaria o en la entidad de crédito indicada en el anuncio, antes de las 12:00 pm del tercer día hábil siguiente a la adjudicación. En el caso de que el licitador que resulte adjudicatario de la subasta no efectúe el pago de tal diferencia, perderá la cantidad depositada en garantía. Esta cantidad se destinará a reducir las Obligaciones Garantizadas. A elección del Agente de Garantías, se podrán convocar nuevas subastas o adjudicar los Derechos de Crédito al siguiente mejor postor tras el adjudicatario que no pagó;

institution indicated in the announcement, before 12:00 p.m. of the third business day following the allocation. If he does not pay the difference he shall lose the amount deposited as a guarantee. This amount shall be applied to reduce the amount of the Secured Obligations. The Security Agent at its election may call new auctions or grant the Credit Rights to the second highest bidder;

- (l) En caso de que el adjudicatario no realice la consignación a que se refiere el apartado (g) en el plazo y forma debidos, las cantidades por él consignadas como depósito se aplicarán al pago de las Obligaciones Garantizadas. En este caso, dicho adjudicatario perderá la puja y se considerará adjudicatario al segundo mejor licitador que hubiera mantenido el depósito en la notaría a tenor de lo indicado en el apartado (g) anterior; si no hubiera licitador de subasta será suspendida con las consecuencias previstas en estas estipulaciones.
- (m) La cantidad obtenida en la subasta, una vez deducidos todos los gastos derivados del procedimiento de ejecución, será entregada por el notario al Agente de Garantías hasta el importe necesario para satisfacer todas las Obligaciones Garantizadas pendientes de pago cuyo incumplimiento hubiera dado lugar a la ejecución de la Prenda. El sobrante, de existir, será ingresado por el notario en la cuenta bancaria a nombre del Pignorante que le indique el Agente de Garantías, (que ya se encuentre pignorada o que se pignore en dicho momento a favor del Agente de Garantías) en garantía de las Obligaciones Garantizadas pendientes de cumplimiento. De no existir Obligaciones Garantizadas pendientes de cumplimiento, el sobrante será entregado por el notario al Pignorante;
- (n) En el caso de que el Agente de Garantías se adjudique en la subasta los Derechos
- (l) In the event that the awardee does not make the payment in section (g) above in due course and form, the sums of the deposit allocated by such awardee shall be applied to the payment of the Secured Obligations. In this event, the referred awardee shall be disqualified and the auction shall be awarded to the second highest bidder who has made the deposit with the Notary public in accordance with section (g) above; should there be no such bidder the auction shall be adjourned with the consequences set out in these provisions.
- (m) The amount obtained at the public auction, after deducting all costs arising from the enforcement procedure, shall be delivered by the notary public to the Security Agent up to the amount necessary to pay all of the Secured Obligations the breach of which gave to the enforcement of the Pledge. Any remaining amounts, if any, will be credited to an account of the Pledgor indicated by the Security Agent (which is pledged or which shall be pledged in favor of the Security Agent) and shall also be pledged as security for the outstanding Secured Obligations. If there are no outstanding Secured Obligations, the remainder shall be directly and immediately delivered by the notary to the Pledgor;
- (n) In the event that the Security Agent acquires the Credit Rights at auction in its



de Crédito pignorado en su nombre y en nombre y representación de las Partes Garantizadas, éstas serán pagadas mediante compensación por reducción de la cantidad debida por las Obligaciones Garantizadas en una cuantía equivalente a la ofrecida por el Agente de Garantías como precio de los Derechos de Crédito. Si dicho precio fuera superior a la cantidad debida a las Partes Garantizadas, el Agente de Garantías ingresará el exceso en una cuenta bancaria a nombre del Pignorante que ya se encuentre pignorada (o que se pignore en dicho momento a favor del Agente de Garantías) en garantía de las demás Obligaciones Garantizadas pendientes de cumplimiento. De no existir Obligaciones Garantizadas pendientes de cumplimiento, el sobrante será entregado por el notario al Pignorante. En el supuesto de que el precio de los Derechos de Crédito fuera inferior a la cantidad debida a las Partes Garantizadas, el importe no cubierto permanecerá como deuda de la Acreditada y los Garantes exigible por las Partes Garantizadas por cualquier medio de conformidad con los Documentos de la Financiación.

- (o) La ejecución no será interrumpida por causa alguna, salvo (i) que medie una orden dictada por la autoridad judicial competente; o (ii) que la Acreditada y los Garantes hubieran cumplido las Obligaciones Garantizadas y hubieran abonado íntegramente las mismas a las Partes Garantizadas, así como todos los gastos incurridos en la ejecución.

#### **8.8 Conservación de derechos**

Las Partes Garantizadas conservarán todos sus derechos y acciones contra el Pignorante por la parte de las Obligaciones Garantizadas que no hayan sido satisfechas o resarcidas con la ejecución de la Prenda.

own name and on behalf of the Secured Parties, payment shall be effected by setting-off the price of the Credit Rights pledged against the amount due of the Secured Obligations, which shall be reduced by the amount of the purchase price. If the purchase price for the Credit Rights is higher than the amounts due to the Secured Parties, the Security Agent shall directly and immediately pay the excess into a bank account opened by the Pledgor (which is pledged or which shall be pledged in favor of the Security Agent) and shall also remain attached as pledge security for the outstanding Secured Obligations. In the absence of outstanding Secured Obligations, the remainder shall be delivered directly and immediately by the notary to the Pledgor. In the event that the price for the Credit Rights is lower than the amounts owed to the Secured Parties, the balance will remain as a debt of the Borrower and the Guarantors which can be claimed by the Secured Parties by any means in accordance with the Loan Documents.

- (o) The enforcement shall not be interrupted unless by virtue of (i) a judicial decision rendered by a competent judge; or (ii) the discharge of the Secured Obligations by the Borrower and the Guarantors with full payment of the same to the Secured Parties as well as all expenses incurred in connection with the enforcement.

#### **8.8 Maintenance of rights**

The Secured Parties shall maintain all their rights and claims against the Pledgor with respect to any part of the Secured Obligations that has not been satisfied or indemnified upon the enforcement of the Pledge.

## 8.9 Renuncia de acciones del Pignorante

Hasta la fecha en la que las Obligaciones Garantizadas hayan sido amortizadas en su totalidad, en el caso de que las Partes Garantizadas obtengan el cobro de cualesquiera importes u Obligaciones Garantizadas a través de la ejecución de la Prenda, el Pignorante renuncia expresamente y desde este momento (i) al ejercicio de cualquier derecho de subrogación, (ii) a cualquier acción y (iii) al cobro de cualesquiera créditos o derechos, frente a la Acreditada y cualquiera de los Garantes.

## 9. PODER IRREVOCABLE

- 9.1 Con objeto de asegurar el cumplimiento de los compromisos asumidos en este Contrato, el Pignorante otorgará a favor del Agente de Garantías y de las Partes Garantizadas en unidad de acto respecto a la firma del presente Contrato y en escritura pública separada ante el mismo Notario interviniente, un poder especial irrevocable tan amplio en Derecho como resulte necesario, con facultades de sustitución, re-sustitución y delegación en favor de la persona, física o jurídica, agente, administrador, la persona o entidad a favor de quien sustituye o en quien delegue la ejecución de las facultades otorgadas por medio del poder irrevocable (incluyendo la entidad que le sustituya como Agente de Garantías) o cualquier otra entidad que determine el Agente de Garantías, para que el Agente de Garantías (actuando a través de sus representantes orgánicos o sus apoderados) pueda, en nombre y representación del Pignorante, realizar cualesquiera actuaciones que resulten necesarias o convenientes para ejecutar y hacer cumplir los términos del presente Contrato.
- 9.2 A tales efectos, el Agente de Garantías podrá, transcurrido el plazo de diez (10) días hábiles desde la notificación realizada al Pignorante sin que éste hubiera realizado lo solicitado, utilizar el poder irrevocable otorgado, a fin de llevar a cabo en nombre del Pignorante cuantas actuaciones resulten necesarias o convenientes a favor de las Partes Garantizadas en los términos y condiciones que estime oportunos para el adecuado cumplimiento de lo previsto en el presente Contrato, incluyendo, con carácter enunciativo y no limitativo, las siguientes:

## 8.9 Waiver of rights by the Pledgor

Until such time as the Secured Obligations have been discharged in full, in the event that the Secured Parties obtain payment of any amounts owed to them or of the Secured Obligations through the enforcement of the Pledge, the Pledgor expressly waives as from this moment in time (i) any rights of subrogation, (ii) the exercise of any claim and (iii) the recovery or collection of any credits or rights, against the Borrower and any of the Guarantors.

## 9. IRREVOCABLE POWER OF ATTORNEY

- 9.1 In order to give the grates effectiveness to the compliance with the undertakings set out herein, the Pledgor will grant in favor of the Security Agent and the Secured Parties simultaneously with the execution of this Agreement, and in a separate public deed before the intervening Notary public, an irrevocable special power of attorney, so broad in Law as necessary, with powers of substitution, re-substitution and delegation as broad as may be necessary in Law in favor of the person, whether natural or legal, agent, receiver, the person or entity in favor of whom it may delegate or substitute the faculties conferred hereunder (including the entity which may replace the Security Agent as agent) or any other entity that the Security Agent may determine, so that the Security Agent (acting through its representatives or its attorneys-in- fact), on behalf of the Pledgor, may perform any necessary or convenient actions to comply with and enforce the terms of the present Agreement.
- 9.2 For this purpose, the Security Agent may, upon failure of the Pledgor to comply with the Security Agent's request within ten (10) business days of being notified, use the irrevocable power of attorney in order to carry out, on behalf of the Pledgor, any necessary or convenient actions in favor of the Secured Parties in the terms and conditions the Security Agent may deem appropriate for the adequate compliance with the terms of this Agreement including, but not limited to, the following:

- (a) solicitar del Notario ante el que formalice el presente Contrato, todo tipo de copias de los correspondientes documentos públicos en los que se formalicen la Prenda;
  - (b) efectuar cualesquiera declaraciones, trámites, presentaciones de documentos o cualesquiera otras actuaciones ante Notarios, Registradores, autoridades fiscales, administrativas o judiciales y liquidar y abonar los impuestos, comisiones, costes y gastos relacionados con el otorgamiento del presente Contrato;
  - (c) llevar a cabo cuantas actuaciones y suscribir, otorgar y elevar a público cuantos documentos públicos o privados sean necesarios para: (a) obtener y asegurar la plena perfección, mantenimiento y protección de las Prenda; (b) defender, proteger y reclamar los derechos que en el presente Contrato se confieren a las Partes Garantizadas; (c) realizar cualquier extensión, ratificación, subsanación, rectificación o sustitución de cláusulas declaradas nulas por aquellas otras cuyo efecto económico sea el más parecido posible al de la cláusula declarada nula y sin efecto; y (d) llevar a cabo la ejecución de la Prenda;
  - (d) para que, en caso de que ello fuera necesario, representar al Pignorante en la subasta de los Derechos de Crédito pignorados en virtud del presente Contrato;
  - (e) en orden a la toma de posesión de los nuevos derechos, valores, activos o fondos en caso de prenda sucesiva en los términos establecidos en el presente Contrato;
  - (f) a los efectos de materializar la extensión de la Prenda para las que dicha posibilidad esté prevista, y en orden a suscribir los documentos necesarios para la extensión de dichas garantías;
- (a) to request from the Notary before whom the present Agreement is formalized all kind of copies of the relevant public documents in which the Pledge is formalized;
  - (b) to make any statements, declarations, proceedings, submitting documents or any other actions before Notaries, Registrars, tax, administrative or judicial authorities and liquidate and pay for the taxes, commissions, costs and expenses related to the execution of the present Agreement;
  - (c) to carry out any and all actions to execute, grant and raise to public deed status any necessary documents to; (a) obtain and ensure the full perfection, maintenance and protection of the Pledge; (b) defend, protect and claim the rights conferred to the Secured Parties in the present Agreement; (c) carry out any extension, ratification, amendment, rectification or substitution of those clauses declared void by those which economic effect will be the most similar to the clause declared void and without effect; and (d) carry out the execution of the Pledge;
  - (d) if it was necessary, to represent the Pledgor in an auction of the Credit Rights pledged under this Agreement;
  - (e) in order to take possession of the new rights, securities, assets or funds in case of successive pledge (*prenda sucesiva*) in the terms established in this Agreement;
  - (f) for the purpose of materializing the extension of the Pledge for which such possibility is foreseen, and in towards to execution of the necessary documents for the extension of said security;

(g) llevar a cabo cuantas actuaciones y firmar, otorgar y elevar a público cuantos documentos públicos o privados sean necesarios o convenientes para el restablecimiento de la Prenda en virtud del presente Contrato en caso de que cualesquiera pagos efectuados al amparo de la Prenda fuesen declarados nulos en el marco de un procedimiento de insolvencia y, como consecuencia de dicha nulidad, las Obligaciones Garantizadas no resultasen cumplidas íntegramente;

(h) otorgar los documentos que sean convenientes o necesarios a los efectos de que el presente poder irrevocable sea otorgado a favor de quien sustituya al Agente de Garantías como nuevo agente.

**9.3** Dado que el poder irrevocable se otorga en interés de las Partes y que resulta necesario para el cumplimiento de las obligaciones asumidas por el Pignorante en el presente Contrato, el poder irrevocable se configura como irrevocable, por lo que permanecerá en vigor mientras subsistan las Obligaciones Garantizadas.

**9.4** El poder irrevocable sólo podrá quedar sin efecto con anterioridad a la terminación del presente Contrato por acuerdo entre el Pignorante y el Agente de Garantías. La revocación unilateral del poder irrevocable por el Pignorante no producirá efecto alguno.

**9.5** El Pignorante declara conocer que el ejercicio por el Agente de Garantías de las facultades que recibe en virtud del poder irrevocable puede implicar autocontratación y subdelegación de poderes, lo acepta y lo salva expresamente para el Agente de Garantías y, en su caso, aquéllos que resulten ser sus cesionarios o sucesores. Se salva expresamente también, autorizándola, la autocontratación con respecto a aquéllos en los que el Agente de Garantías sustituya, sub-apodere o delegue el poder irrevocable.

## **10. CANCELACIÓN DE LA PRENDA**

Cumplidas íntegramente las Obligaciones Garantizadas o extinguidas éstas de otro modo, quedará automáticamente extinguida y

(g) to carry out any actions and sign, execute and raise to public deed status any public or private documents that are deemed necessary or convenient for re-establishing the Pledge under this Agreement in the event any payments performed under the Pledge were declared null in the framework of an insolvency proceeding and, as a consequence of such nullity the Secured Obligations were not fully fulfilled;

(h) to grant the documents that are convenient or necessary for the purpose that this irrevocable power of attorney is granted in favor of whoever replaces the Security Agent as new agent.

**9.3** As the irrevocable power of attorney is granted in the interest of the Parties and is necessary for the fulfilment of the obligations assumed by the Pledgor under the present Agreement, the irrevocable power of attorney is configured as irrevocable. Therefore, it shall remain in force while the Secured Obligations subsist.

**9.4** The irrevocable power of attorney shall only be invalid prior to the termination of the present Agreement as per the agreement between the Pledgor and the Security Agent. The unilateral revocation of the irrevocable power of attorney by the Pledgor shall have no effect.

**9.5** The Pledgor acknowledges that the exercise by the Security Agent of the faculties received under the irrevocable power of attorney may involve self-dealing and sub-delegation of powers of attorney, which the Pledgor expressly accepts and saves for the Security Agent and, if appropriate, for those who may be its assignees or successors. The Pledgor also expressly saves, authorizing it, self-dealing with respect to those in which the Security Agent replaces, sub-empowers or delegates the irrevocable power of attorney.

## **10. CANCELTION OF THE PLEDGE**

Once the Secured Obligations have been fully discharged or otherwise extinguished, the Pledge shall be automatically terminated and

cancelada la Prenda, comprometiéndose las Partes Garantizadas, a solicitud por escrito del Pignorante, y en el plazo máximo de quince (15) días hábiles a partir de la fecha en que tenga lugar tal requerimiento, a otorgar el correspondiente documento público de cancelación. Las Partes de la presente Prenda acuerdan que todos los tributos y gastos de Notario y, en su caso, de notificaciones derivados de dichas cancelaciones correrán a cargo del Pignorante.

No obstante el cumplimiento de las Obligaciones Garantizadas y la cancelación de la Prenda, en el supuesto de que cualesquiera pagos efectuados en satisfacción de las Obligaciones Garantizadas fueran declarados nulos en el marco de un procedimiento de insolvencia y, como consecuencia de dicha nulidad, las Obligaciones Garantizadas no resultasen total o irrevocablemente cumplidas, las Partes acuerdan el resurgimiento de los términos y condiciones de la Prenda en garantía de las Obligaciones Garantizadas.

## 11. NOTIFICACIONES

**11.1** Cualquier comunicación o notificación entre las Partes a la que se refiera el presente contrato, o que, incluso no estando contemplada en el mismo, se realice entre las Partes en relación con la ejecución, interpretación o terminación del mismo se realizará por escrito y será entregada personalmente a la otra parte (bien por la remitente misma, bien por conducto notarial) o enviada por fax, por correo electrónico o por correo certificado con acuse de recibo (a elección de quien envía la comunicación) a las siguientes direcciones:

**11.2** En el caso del Pignorante:

A la atención de [ ]  
[Dirección]  
Teléfono: [ ]  
Correo electrónico: [ ]

**11.3** En el caso del Agente de Garantías:

A la atención de [ ]  
[Dirección]  
Teléfono: [ ]  
Correo electrónico: [ ]

**11.4** La comunicación al Agente de Garantías y/o a las Partes Garantizadas se entenderá válidamente realizada el [ ] día hábil posterior a la recepción de la comunicación.

cancelled and the Secured Parties hereby undertake to execute, upon written request from the Pledgor and in the maximum term of fifteen (15) business days as from the date of such request, the corresponding public document of cancellation of the Pledge. The Parties to this Pledge expressly acknowledge that any taxes, costs or fees (including Notarial fees), and, if necessary, any notices sent in accordance with the said cancellation shall be borne by the Pledgor.

Notwithstanding the fully discharged of the Secured Obligations and the cancellation of the Pledge, in the event that any of the payments carried out to discharge the Secured Obligations are declared void or invalid during the course of a insolvency proceedings, and as a result of such nullity, the Secured Obligations result not to be fully discharged or otherwise extinguished, the Parties agree the revival of the terms and conditions of the Pledge to secure the Secured Obligations.

## 11. NOTICES

**11.1** All notices or communications referred to in this agreement or made by any of the Parties to this agreement to one another as regards the execution, interpretation or termination of the agreement shall be made in writing and will, at the sender's choice, either be delivered to the other party in person (either by the sender personally or through a notary public) or sent by fax, electronic mail or certified post with delivery confirmation, to the following addresses:

**11.2** For the Pledgor:

To the attn. of [ ]  
[address]  
Phone number: [ ]  
Email address: [ ]

**11.3** For the Security Agent:

To the attn. of [ ]  
[address]  
Phone number: [ ]  
Email address: [ ]

**11.4** Any notice served to the Security Agent and/or the Secured Parties will be deemed correctly made on the [ ] business day after delivery of the notice.

## 12. IMPUESTOS Y GASTOS

Todos los honorarios, costes, aranceles y tributos que se devenguen y cualesquiera otros gastos razonables que se originen, ahora o en un futuro, por causa de la preparación, el otorgamiento y el cumplimiento de este Contrato y su intervención mediante el otorgamiento de ésta póliza, o su extensión, cesión, novación, corrección, enmienda, subsanación o cancelación, así como todas las costas y gastos de ejecución de la Prenda por cualesquiera procedimientos, incluidos los gastos y honorarios, de toda índole, de abogado y procurador (aun cuando la intervención de éstos no fuere preceptiva) así como los costes de novación y registro que resulten de la modificación de estatutos previstos bajo el presente Contrato serán abonados por el Pignorante o cualquiera de las sociedades de su grupo.

## 13. SUBSANACIÓN O COMPLEMENTO DEL CONTRATO

Si fuera requerido para ello por el Agente de Garantías (actuando razonablemente), el Pignorante se compromete a otorgar, en el plazo de diez (10) días hábiles desde la fecha de dicho requerimiento, cuantos documentos públicos o privados de subsanación, complemento documental o aclaración de este contrato fueran necesarios o convenientes.

El Agente de Garantías estará facultado para ser parte y otorgar cualquier documento público o privado en beneficio de las Partes Garantizadas, independientemente del derecho individual de cada Parte Garantizada a ser parte y suscribir los documentos mencionados junto con el Agente de Garantías, siempre que dicha Parte Garantizada se lo notifique al Agente de Garantías con al menos dos (2) días hábiles de antelación al día en que se otorguen dichos documentos públicos o privados.

## 14. CESIÓN DE LA PRENDA

**14.1** El Pignorante reconoce y acepta que las Partes Garantizadas pueden asignar y/o ceder su posición total o parcialmente en los Documentos de Financiación (y por tanto ceder su posición contractual bajo los Documentos de Financiación) o los derechos derivados de los mismos mediante cesiones de crédito, subrogaciones de posición contractual en dichos contratos o figuras equivalentes, según proceda, de conformidad con los términos de los Documentos de Financiación.

## 12. TAXES AND EXPENSES

All fees, costs, and taxes, and any other expenses reasonably incurred, now or in the future, in connection with the drafting, execution and compliance with this Agreement, its notarial intervention by means of public document (*póliza*), or of its extension, assignment, novation, amendment or cancellation, as well as all judicial costs and enforcement costs in connection with any of the available proceedings in relation to the Pledge, including the fees and expenses of any nature of lawyers and *procuradores* (even when their involvement is not compulsory) and the novation and registration costs arising from the amendment of the by-laws provided in this Agreement shall be paid by the Pledgor or any of the companies of its group.

## 13. CORRECTIONS OR ADDITIONS TO THIS AGREEMENT

If so required by the Security Agent (acting reasonably), the Pledgor undertakes to appear and grant, within ten (10) business days as of the date of such request, as many public or private documents as may be necessary or convenient for the correction, addition or clarification of this agreement.

The Security Agent shall be entitled to appear and execute all such public or private documents for the benefit of the Secured Parties, irrespective of the right of each particular Secured Party to appear and execute the aforesaid documents along with the Security Agent, if such Secured Party so notifies to the Security Agent with at least two (2) business days prior notice to the date on which the public or private documents shall be executed.

## 14. ASSIGNMENT OF THE PLEDGE

**14.1** The Pledgor hereby acknowledges and agrees that the Secured Parties may assign and/or transfer their position totally or partially under the Loan Documents (and hence assign their contractual position under the Loan Documents), or any rights arising therefrom by means of credits transfers, assignments or subrogation on contractual position or equivalent methods, as applicable, all in accordance with terms of the Loan Documents.

**14.2** El Pignorante reconoce y acepta expresamente en este acto que, de acuerdo con el artículo 1528 del Código Civil, cualquier cesión efectuada por cualquiera de las Partes Garantizadas al amparo de lo dispuesto en los Documentos de la Financiación conllevará automáticamente, y sin necesidad de nuevo consentimiento del Pignorante a tal efecto, la cesión proporcional de los derechos que corresponden a la Parte Garantizada en cuestión en virtud del presente Contrato.

**14.3** En consecuencia de lo anterior, las referencias que en este Contrato se realizan a las Partes Garantizadas se entenderán hechas, respectivamente a las entidades que en cada momento participen como las Partes Garantizadas bajo Documentos de la Financiación.

## **15. INVALIDEZ PARCIAL**

La ilegalidad, invalidez o inejecutabilidad de cualquier disposición de este Contrato por cualquier causa no afectará en modo alguno a la legalidad, validez o ejecución de las restantes disposiciones del mismo.

Si fuera requerido para ello por el Agente de Garantías, el Pignorante se compromete a otorgar, en el plazo de diez (10) días naturales desde la fecha de dicho requerimiento, cuantos documentos públicos o privados de subsanación, complemento documental o aclaración de esta Prenda fueran necesarios o razonablemente convenientes para asegurar su validez, ejecutabilidad y prioridad de rango.

## **16. IDIOMA**

Este Contrato se otorga en idiomas español e inglés. En caso de que surgieran discrepancias entre ambas versiones, prevalecerá la versión española.

## **17. LEY APLICABLE Y JURISDICCIÓN**

### **17.1 Ley aplicable**

Este Contrato se regirá por la legislación común española.

### **17.2 Jurisdicción**

En la medida en que tal sumisión resulte legalmente admisible, cada una de las Partes de este Contrato se somete irrevocablemente, con renuncia expresa al fuero que pudiera corresponderle, a la jurisdicción de los juzgados y tribunales de la ciudad de Madrid para el conocimiento y resolución de cualquier reclamación que pudiera derivarse del cumplimiento o interpretación de este Contrato.

**14.2** The Pledgor hereby expressly acknowledges and agrees that, in accordance with article 1528 of the Spanish Civil Code, any assignment or transfer carried out by any of the Secured Parties under the provisions of the Loan Documents shall automatically entail and without the need of any further agreement of the Pledgor to such effect, the proportional assignment of the rights corresponding to such Secured Party by virtue of this Agreement.

**14.3** Consequently, references in this Agreement made to the Secured Parties shall be deemed made, respectively, to the entities which from time to time are Secured Parties under the Loan Documents.

## **15. PARTIAL INVALIDITY**

If, for any reason, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect, neither the legality, validity nor enforceability of the remaining provisions will in any way be affected or impaired.

If so required by the Security Agent, the Pledgor undertakes to appear and grant, within ten (10) calendar days as of the date of such request, as many public or private documents as may be necessary or reasonably convenient for the correction, addition or clarification of this Pledge to secure its validity, enforceability and ranking priority.

## **16. LANGUAGE**

This agreement is executed in Spanish and English. In the event of discrepancies between the versions, the Spanish version shall prevail.

## **17. APPLICABLE LAW AND JURISDICTION**

### **17.1 Governing Law**

This Agreement shall be governed by the laws of Spain (*legislación común española*).

### **17.2 Jurisdiction**

To the extent legally permissible, each Party hereby expressly and irrevocably submits to the jurisdiction of the Courts and Tribunals of Spain, specifically of the city of Madrid, for the resolution of any dispute that may arise in connection with this Agreement, and hereby waives its right to take proceedings in any other jurisdiction

**18. INTERVENCIÓN NOTARIAL**

Este Contrato y sus eventuales modificaciones, se formalizan en póliza intervenida ante notario, con el fin de que ésta constituya título ejecutivo con respecto de todas las cantidades debidas en virtud del mismo, a todos los efectos previstos en el artículo 517.2.5° de LEC, el artículo 1.216 del Código Civil, así como la consideración de crédito con privilegio especial, a los efectos del artículo 90.1.6° de la Ley Concursal y demás disposiciones legales aplicables.

En prueba de lo cual, las Partes otorgan este contrato en póliza ante el notario de [ ], [ ], en la fecha y lugar indicado en el encabezamiento.

**18. NOTARIAL INTERVENTION**

This Agreement and any eventual amendments from time to time are formalised as public document (*póliza*) before notary public, with the aim that this document may be considered an executive title with respect of any amounts owed under this Agreement and for the purposes and the effects set out in articles 517.2.5° of the Civil Procedure Law, article 1,216 of the Spanish Civil Code, as well as a specially privileged credit pursuant to article 90.1.6° of the Spanish Insolvency Act and other applicable legal provisions.

In witness whereof, the Parties grant this Agreement in public document (*póliza*) before the notary of [ ], [ ], on the date and place indicated above.



El presente Contrato se formaliza en Póliza con la intervención del Notario de [ ], [ ] y de su Ilustre Colegio que figura en el encabezamiento.

Los otorgantes de la presente Póliza manifiestan su conformidad y aprobación al contenido de la misma tal y como aparece redactado, extendida en                    hojas incluidos sus anexos, la otorgan y firman, con mi intervención en un (1) solo ejemplar al amparo de lo previsto en la Ley 36/2006 de 29 de Noviembre, e Instrucción de la Dirección General de los Registros y del Notariado de la misma fecha.

Y yo el Notario, habiendo hecho las oportunas advertencias legales, DOY FE de la identidad de los otorgantes, de la legitimidad de sus firmas, de que a mi juicio tienen la capacidad y legitimación necesarios para el otorgamiento de la presente Póliza, de que el consentimiento ha sido libremente prestado, y de que el otorgamiento se adecua a la legalidad y a la voluntad debidamente informada de los otorgantes o intervinientes.

Las Partes se manifiestan conformes con el contenido de este Contrato y sus anexos, que aceptan y firman.

Con mi intervención,

[ ]

**Anexo 1 /Annex 1**

**Copia de los poderes otorgados a favor del Agente de Garantías por las Entidades Acreditantes/ Copy of the Power of Attorney granted to the Security Agent by the Lenders**

**Anexo 2 /Annex 2**  
**Listado y Copia de los Contratos de Préstamo/List and Copy of the Loan Agreements**

**Anexo 3 /Annex 3**  
**Modelo de Notificación / Notice Form**

**EXHIBIT 2.5.1**  
**[FORM OF]**  
**LOAN REQUEST**

\_\_\_\_\_, 201\_

PNC Bank, National Association, as Administrative Agent  
PNC Agency Services  
PNC Firstside Center 4th Floor  
500 First Avenue  
Pittsburgh, Pennsylvania 15219  
Attention: Dana Reimund, PNC Agency Services  
Telecopy No. (412) 762-8672

Ladies and Gentlemen:

The undersigned, Ferroglobe PLC, a public limited company organized under the laws of England and Wales (the "Borrower"), refers to the Credit Agreement dated as of February [ ], 2018 (as amended, restated, modified or supplemented from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the Borrower, the Guarantors party thereto as the "Guarantors", the Lenders party thereto as the "Lenders", PNC Bank, National Association, as the "Administrative Agent", and PNC Bank, National Association, as the "Swing Lender" and the "Issuing Lender". The Borrower hereby gives you notice, irrevocably, pursuant to Section 2.5.1 of the Credit Agreement, that the Borrower hereby requests one or more borrowings or conversions of Loans under the Credit Agreement, and in connection therewith sets forth in the schedule attached hereto the information relating to each such borrowing or conversion (collectively, the "Proposed Action") as required by Section 2.5.1 of the Credit Agreement.

The Borrower hereby specifies that the Proposed Action will consist of Loans as indicated in the schedule attached hereto.

The Borrower hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Action, and will be true after giving effect to the Proposed Action:

(A) the representations and warranties of the Loan Parties are true and correct in all material respects, as though made at and as of such time, unless expressly made as of a prior date (in which case such representations and warranties shall have been true and correct in all material respects as of such prior date); provided that any representation and warranty that is qualified as to materiality, "Material Adverse Change" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects as of such respective dates;

(B) no Event of Default or Potential Default has occurred and is continuing;

---

(C) the making of the Proposed Action does not contravene any Law applicable to any Loan Party or Subsidiary of any Loan Party or any of the Lenders; and

[(D) the condition under Section 4.01(b)(i)(B) of the 2022 Indenture (or equivalent provision in any refinancing thereof) [is met with respect to the Revolving Facility Usage][is no longer in effect].<sup>1</sup>

---

<sup>1</sup> To be included as applicable under Section 7.2(e) of the Credit Agreement.

---

**PROPOSED CONVERSION SCHEDULE**

Proposed Conversion #1  
 [of the Loans described in the first table below  
 into the Loans described in the second table below]

LOAN 1 (Loan To Be Converted):

Requested Conversion Date	Facility	Type of Loan To Be Converted	Aggregate Amount of Loan
_____, 201____	<input type="checkbox"/> Revolving Credit Loan (in Dollars) <input type="checkbox"/> Optional Currency Loan (If Optional Currency Loan is selected, select currency below)  <input type="checkbox"/> Euro <input type="checkbox"/> British Pound Sterling <input type="checkbox"/> _____	<input type="checkbox"/> Base Rate Option <input type="checkbox"/> Euro-Rate Option (If Euro-Rate Option is selected, select existing Interest Period below) <input type="checkbox"/> One month <input type="checkbox"/> Two months <input type="checkbox"/> Three months <input type="checkbox"/> Six months	\$ _____.

LOAN 2 (Post Conversion Loan):

Requested Conversion Date	Facility	Type of Loan Post-Conversion	Aggregate Amount of Loan
_____, 201____	<input type="checkbox"/> Revolving Credit Loan (in Dollars) <input type="checkbox"/> Optional Currency Loan (If Optional Currency Loan is selected, select currency below)  <input type="checkbox"/> Euro <input type="checkbox"/> British Pound Sterling <input type="checkbox"/> _____	<input type="checkbox"/> Base Rate Option <input type="checkbox"/> Euro-Rate Option (If Euro-Rate Option is selected, select existing Interest Period below) <input type="checkbox"/> One month <input type="checkbox"/> Two months <input type="checkbox"/> Three months <input type="checkbox"/> Six months	\$ _____.

**PROPOSED BORROWING SCHEDULE  
(Revolving Credit Loans)**

Aggregate Proposed Borrowings on \_\_\_\_\_, 20\_\_ : \$ \_\_\_\_\_  
(as detailed below)

<b>Requested Borrowing Date</b>	<b>Facility</b>	<b>Type of Loan</b>	<b>Aggregate Amount of Loan</b>
_____, 201__	<input type="checkbox"/> Revolving Credit Loan (in Dollars) <input type="checkbox"/> Optional Currency Loan  (If Optional Currency Loan is selected, select currency below) <input type="checkbox"/> Euro <input type="checkbox"/> British Pound Sterling <input type="checkbox"/> _____	<input type="checkbox"/> Base Rate Option <input type="checkbox"/> Euro-Rate Option  (If Euro-Rate Option is selected, select initial Interest Period below) <input type="checkbox"/> One month <input type="checkbox"/> Two months <input type="checkbox"/> Three months <input type="checkbox"/> Six months	\$ _____. <sup>2</sup>

<sup>2</sup> [The aggregate amount of the proposed Loans comprising each Borrowing Tranche shall be in the minimum amount of \$ \_\_\_\_\_ (or the Dollar Equivalent thereof).]





Proceeds of the foregoing Loans are to be wired to the Borrower's account at

[PNC Bank, National Association  
ABA \_\_\_\_\_  
Account Number \_\_\_\_\_  
Ferroglobe PLC]

Very truly yours,

**FERROGLOBE PLC**

By: \_\_\_\_\_  
Name:  
Title:

[Signature Page to Loan Request]

---

**EXHIBIT 2.5.2**  
**[FORM OF]**  
**FORM OF SWING LOAN REQUEST**

\_\_\_\_\_, 20 \_\_\_\_

PNC Bank, National Association, as Administrative Agent  
PNC Agency Services  
PNC Firstside Center 4th Floor  
500 First Avenue  
Pittsburgh, Pennsylvania 15219  
Attention: Dana Reimund, PNC Agency Services  
Telecopy No. (412) 762-8672

Ladies and Gentlemen:

The undersigned, Ferroglobe PLC, a public limited company organized under the laws of England and Wales (the "Borrower"), refers to the Credit Agreement dated as of February [ ], 2018 (as amended, restated, modified or supplemented from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the Borrower, the Guarantors party thereto as the "Guarantors", the Lenders party thereto as the "Lenders", PNC Bank, National Association, as the "Administrative Agent", and PNC Bank, National Association, as the "Swing Lender" and the "Issuing Lender". The Borrower hereby gives you notice, irrevocably, pursuant to Section 2.5.2 of the Credit Agreement, that the Borrower hereby requests a Swing Loan under the Credit Agreement, and in connection therewith sets forth in the schedule attached hereto the information relating to each Swing Loan (collectively, the "Proposed Action") as required by Section 2.5.2 of the Credit Agreement.

The Borrower hereby specifies that the Proposed Action will consist of Loans as indicated in the schedule attached hereto.

The Borrower hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Action, and will be true after giving effect to the Proposed Action:

(A) the representations and warranties of the Loan Parties are true and correct in all material respects, as though made at and as of such time, unless expressly made as of a prior date (in which case such representations and warranties shall have been true and correct in all material respects as of such prior date); provided that any representation and warranty that is qualified as to materiality, "Material Adverse Change" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects as of such respective dates;

(B) no Event of Default or Potential Default has occurred and is continuing;

(C) the making of the Proposed Action does not contravene any Law applicable to any Loan Party or Subsidiary of any Loan Party or any of the Lenders; and

---

[(D) the condition under Section 4.01(b)(i)(B) of the 2022 Indenture (or equivalent provision in any refinancing thereof) [is met with respect to the Revolving Facility Usage][is no longer in effect].<sup>1</sup>

---

<sup>1</sup> To be included as applicable under Section 7.2(e) of the Credit Agreement.

---

PROPOSED SWING LOAN SCHEDULE

SWING LOAN 1:

Requested Borrowing Date	Facility	Aggregate Amount of Loan
_____, 20__	<input type="checkbox"/> Swing Loan	\$ _____. <sup>2</sup>

\_\_\_\_\_  
<sup>2</sup> [Minimum draw is \$ \_\_\_\_\_.]

---

Proceeds of the foregoing Loans are to be wired to the Borrower's account at

[PNC Bank, National Association  
ABA \_\_\_\_\_  
Account Number \_\_\_\_\_  
Ferroglobe PLC]

Very truly yours,

**FERROGLOBE PLC**

By: \_\_\_\_\_  
Name:  
Title:

---

EXHIBIT 3.1

[FORM OF]  
NEW LENDER JOINDER

This NEW LENDER JOINDER (this "Agreement") is made and entered into as of \_\_\_\_\_, 201, by and among \_\_\_\_\_ (the "New Lender"); FERROGLOBE PLC, a public limited company organized under the laws of England and Wales (the "Borrower"); and PNC BANK, NATIONAL ASSOCIATION, as the Administrative Agent, the Issuing Lender and the Swing Lender (as these terms and other capitalized terms used herein and not otherwise defined herein are defined in the Credit Agreement, defined below).

Recitals:

A. The Borrower, the Guarantors party thereto as the "Guarantors", the Lenders party thereto as the "Lenders", PNC Bank, National Association, as the "Administrative Agent", and PNC Bank, National Association, as the "Swing Lender" and the "Issuing Lender", are the parties to that certain Credit Agreement dated as of February [ ], 2018 (as amended, restated, supplemented, replaced and otherwise modified from time to time, the "Credit Agreement");

B. Pursuant to Section 3.1 of the Credit Agreement, the Borrower has requested (the "Subject Request") that the Revolving Credit Commitments be increased by \$ \_\_\_\_\_, such that, after giving effect to such increase, the aggregate amount of the Revolving Credit Commitments will be \$ \_\_\_\_\_;

C. The New Lender has agreed to provide a Revolving Credit Commitment under the Subject Request in the amount and on the terms and conditions set forth herein and to become a Lender under the Credit Agreement in connection therewith.

Agreements:

NOW, THEREFORE, in consideration of the foregoing Recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Pursuant to Section 3.1 of the Credit Agreement, the Borrower hereby requests that the New Lender provide, and the New Lender hereby provides, effective as of the effective date set forth on Annex A hereto (the "Increase Effective Date"), a Revolving Credit Commitment under and pursuant to the Credit Agreement in the amount set forth on Annex A hereto. As of the Increase Effective Date, the Revolving Credit Commitment and initial Ratable Share of the New Lender under and pursuant to the Credit Agreement will be as set forth in Annex A hereto. Such Revolving Credit Commitment of the New Lender represents an increase in the aggregate Revolving Credit Commitments under the Credit Agreement pursuant to the Subject Request and the terms of Section 3.1 of the Credit Agreement.

2. The New Lender (a) represents and warrants that it has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (b) confirms it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to

---

Section 8.3 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Agreement, (c) confirms it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement, (d) if it is a UK Qualifying Lender, agrees to provide any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the New Lender; (e) agrees that (i) it will, independently and without reliance on the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender; [and] (f) confirms for the benefit of the Administrative Agent and without liability to any Loan Party that it is [a UK Qualifying Lender (other than a Treaty Lender)][a UK Treaty Lender][not a UK Qualifying Lender]; [and (g) confirms that it holds a passport under the HMRC DT Treaty Passport scheme (reference number [\_\_\_\_\_] ) and is tax resident in [\_\_\_\_\_] ], so that interest payable to it by Borrower is generally subject to full exemption from UK withholding tax, and wishes that scheme to apply to this Agreement].

3. The Borrower certifies that no Event of Default or Potential Default has occurred and is continuing.

4. The Borrower represents and warrants to the New Lender that (a) it has the full power and authority, and has taken all corporate action necessary, to execute and deliver this Agreement and (b) it has satisfied (or on the Increase Effective Date will satisfy) the conditions to the New Lender's Revolving Credit Commitment required under Section 3.1 of the Credit Agreement.

5. The Borrower agrees that, as of the Increase Effective Date (after giving effect to this Agreement and, if applicable, the concurrent effectiveness on the Increase Effective Date of other new Revolving Credit Commitments or increased Revolving Credit Commitments under the Subject Request), (a) the aggregate amount of the Revolving Credit Commitments will be \$\_\_\_\_\_ and (b) the New Lender (i) will be a party to the Credit Agreement as a "Lender", (ii) will be a "Lender" for all purposes of the Credit Agreement and the other Loan Documents, and (iii) will have the rights and obligations of a Lender under the Credit Agreement and the other Loan Documents.

6. Pursuant to clause (g) of Section 3.1 of the Credit Agreement, the Administrative Agent, the Issuing Lender and the Swing Lender confirm and grant their approval of the New Lender to join in the Credit Agreement as a Lender thereunder.

7. The applicable address, telephone number and facsimile number of the New Lender for purposes of Section 11.5 of the Credit Agreement are as set forth in the New Lender's administrative questionnaire delivered by the New Lender to the Administrative Agent on or before the date hereof or to such other address, telephone number and facsimile number as shall be designated by the New Lender as provided in the Credit Agreement.

8. This Agreement may be executed in any number of counterparts and by the various parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one contract. Delivery of an executed counterpart of this Agreement by telecopier or other secure electronic format (.pdf) shall be effective as delivery of a manually executed counterpart of this Agreement.

9. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York.

[No additional provisions are on this page; the page next following is the signature page.]



IN WITNESS WHEREOF the parties hereto have hereunto set their hands as of the date first above written.

New Lender:

Borrower:

FERROGLOBE PLC

By \_\_\_\_\_  
\_\_\_\_\_, its \_\_\_\_\_

By \_\_\_\_\_  
\_\_\_\_\_, its \_\_\_\_\_

Administrative Agent, Issuing Lender  
and Swing Lender:

PNC BANK, NATIONAL ASSOCIATION, in its  
respective capacities as the Administrative Agent,  
the Issuing Lender and the Swing Lender

By \_\_\_\_\_  
\_\_\_\_\_, its \_\_\_\_\_

Annex A

to

Lender Joinder Agreement dated \_\_\_\_\_, 201 \_\_\_\_\_

Date of the Subject Request: \_\_\_\_\_, 201 \_\_\_\_\_

Name of the New Lender: \_\_\_\_\_

Increase Effective Date: \_\_\_\_\_, 201 \_\_\_\_\_

Revolving Credit Commitment of the New Lender

as of the Increase Effective Date: \$ \_\_\_\_\_

Ratable Share of the New Lender as of the Increase Effective Date: \_\_\_\_\_%

---

EXHIBIT 8.3.3

[FORM OF]

QUARTERLY COMPLIANCE CERTIFICATE

For the fiscal [quarter] [year] ended \_\_\_\_\_ (the "Statement Date").

THE UNDERSIGNED HEREBY CERTIFIES THAT:

(1) I am the duly elected [\_\_\_\_\_]<sup>1</sup> of Ferroglobe PLC, a public limited company organized under the laws of England and Wales (the "Borrower").

(2) I am familiar with the terms of that certain Credit Agreement dated as of February [ ], 2018 (as the same may from time to time be amended, restated or otherwise modified, the "Credit Agreement", the terms defined therein and not otherwise defined in this Compliance Certificate being used herein as therein defined), by and among, the Guarantors party thereto as the "Guarantors", the Lenders party thereto as the "Lenders", PNC Bank, National Association, as the "Administrative Agent" (the "Administrative Agent"), and PNC Bank, National Association, as the "Swing Lender" and the "Issuing Lender", and the terms of the other Loan Documents, and I have made, or have caused to be made, under my supervision, a review in reasonable detail of the transactions and condition of the Borrower and its Subsidiaries during the accounting period covered by the financial statements attached hereto as Exhibit A.

(3) Based on the review described in paragraph (2) above [INDICATE SELECTION]:

no Event of Default or Potential Default (i) has occurred or existed during the accounting period covered by the financial statements delivered in connection with this Compliance Certificate or (ii) exists as of the date of this Compliance Certificate.

one or more Events of Default or Potential Default (i) has occurred or existed during the accounting period covered by the financial statements delivered in connection with this Compliance Certificate or (ii) exists as of the date of this Compliance Certificate. Attached to this Compliance Certificate is an addendum specifying each such Event of Default or Potential Default, its nature, the best estimation after due inquiry of the Borrower of when it occurred, whether it is continuing and the steps being taken by the Borrower or its Subsidiaries, if applicable, with respect to such event.

(4) Set forth on Exhibit B are reasonably detailed calculations of the financial covenants set forth in Sections 8.2.16 and 8.2.17 of the Credit Agreement, which calculations are summarized below:

<u>Financial Covenant</u>	<u>Required Level</u>	<u>Actual Level</u>	<u>Compliance</u>
Maximum Net Total	<input type="checkbox"/> to 1.00 <sup>2</sup>		[Yes/No]

<sup>1</sup> [Must be executed by a Financial Officer of Borrower.]

<sup>2</sup> See Section 8.2.16 of the Credit Agreement for the applicable Maximum Net Total Leverage Ratio.

---

Leverage Ratio			
Minimum Interest Coverage Ratio	2.25 to 1.00		[Yes/No]

(5) The financial statements and calculations of financial covenant compliance attached hereto as Exhibit A and Exhibit B, respectively, are accurate, complete and fairly present the matters stated therein and have been prepared (a) on a basis consistent with such statements and calculations with respect to prior periods, (b) in accordance with IFRS and (c) in accordance with the terms of the Credit Agreement.

(6) [Set forth on Exhibit C hereto is an updated perfection certificate (or, as appropriate, a certificate confirming the absence of any change from the prior perfection certificate) for each Loan Party (in form and content consistent with the perfection certificates delivered to the Administrative Agent on the Closing Date) as of a date not earlier than ten (10) Business Days prior to the date hereof.]

*[signature page follows]*

IN WITNESS WHEREOF, I have signed this Compliance Certificate the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

**FERROGLOBE PLC**

By: \_\_\_\_\_  
Name:  
Title:

[Signature Page to Compliance Certificate]

---

**EXHIBIT A**

[See attached [quarterly] [annual] financial statements]

---

**EXHIBIT B**

I. Section 8.2.16 – Maximum Net Total Leverage Ratio

**A) Adjusted Consolidated Indebtedness of the Borrower.**

1. Consolidated Indebtedness of the Borrower and its Subsidiaries on the Statement Date (but excluding obligations of the type described in clause (d) of the definition of Indebtedness, unless such obligations are due and payable on Statement Date).

PLUS \$ \_\_\_\_\_

2. Securitization Amount.

MINUS \$ \_\_\_\_\_

3. Free Cash.

\$ \_\_\_\_\_

4. Line I.A.1 *plus* line I.A.2 *minus* line I.A.3.

\$ \_\_\_\_\_

**B) Consolidated EBITDA of the Borrower (for the four fiscal quarter period then ending on the Statement Date).**

1. Consolidated Net Income of the Borrower for the four fiscal quarter period then ending on the Statement Date.

PLUS \$ \_\_\_\_\_

2. To the extent deducted or not included in calculating such Consolidated Net income (and without duplication) for the four fiscal quarter period then ending on the Statement Date:

a. Consolidated Interest Expense. \$ \_\_\_\_\_

b. Amortization expense. \$ \_\_\_\_\_

c. Depreciation expense. \$ \_\_\_\_\_

d. Income and franchise tax expense, including other similar taxes measured on income or revenues. \$ \_\_\_\_\_

e. Non-cash employee or director compensation expense in the form of Equity Interests of the Borrower. \$ \_\_\_\_\_

- f. Fees and out-of-pocket expenses incurred in connection with any proposed or actual issuance of any Equity Interests or Indebtedness or any proposed or actual acquisitions, Investments, and Asset Sales permitted under the Loan Documents.

\$ \_\_\_\_\_

- g. Proceeds of business interruption insurance to the extent not included in Consolidated Net Income.

\$ \_\_\_\_\_

- h. Customary and reasonable fees, commissions and other out-of-pocket expenses in connection with the preparation and negotiation of the Loan Documents and the consummation of the transactions contemplated thereby and in connection with any other Indebtedness permitted under the Credit Agreement.

\$ \_\_\_\_\_

- i. Commissions, discounts, yield and other fees and expenses (including interest expense) related to any Permitted Securitization Arrangements.

\$ \_\_\_\_\_

- j. Any other non-cash charges (excluding the amortization of a prepaid cash item that was paid in a prior period or any write-down or write off of, or reserve for, inventory for such period), provided that if any non-cash charge represents an accrual of a reserve for cash charges in any future period, the cash payment in respect thereof in such future period shall be subtracted from Consolidated EBITDA in the period so made.

\$ \_\_\_\_\_

MINUS

3. Aggregate amount of all non-cash gains increasing Consolidated Net Income (other than the accrual of revenue or recording of receivables in the ordinary course of business) for such period ending on the Statement Date.

\$ \_\_\_\_\_

4. Line I.B.1 plus the sum of Lines I.B.2.a through I.B.2.j minus Line I.B.3.

\$ \_\_\_\_\_

5. Net Leverage Ratio (Line I.A.4 divided by Line I.B.4): \_\_\_\_\_ to 1.00.

*Maximum Permitted: [\_\_\_\_\_]³*

³ See Section 8.2.16 of the Credit Agreement for the applicable Maximum Net Total Leverage Ratio.



II. Section 8.2.17 – Minimum Interest Coverage Ratio

**A) Consolidated EBITDA of the Borrower (for the four fiscal quarter period then ending on the Statement Date).**

1. See Line I.B.4.

\$ \_\_\_\_\_

**B) Consolidated Cash Interest Expense of the Borrower (for the four fiscal quarter period then ending on the Statement Date).**

1. Consolidated Interest Expense of the Borrower for the four fiscal quarter period then ending on the Statement Date.

\$ \_\_\_\_\_

MINUS

2. Interest on any Indebtedness paid by the increase in the principal amount of such Indebtedness including by issuance of additional Indebtedness of such kind or the accretion or capitalization of interest as principal for the four fiscal quarter period then ending on the Statement Date.

\$ \_\_\_\_\_

3. Amortization of debt issuance costs, debt discount or premium and other financing fees and expenses incurred by the Borrower or any of its Subsidiaries for the four fiscal quarter period then ending on the Statement Date.

\$ \_\_\_\_\_

4. Line II.B.1 *minus* the sum of Lines II.B.2 and II.B.3.

\$ \_\_\_\_\_

**5. Interest Coverage Ratio (Line II.A.1 divided by Line II.B.4): to 1.00**

***Minimum Required: 2.25 to 1.00***

---

**EXHIBIT C**

[See attached Perfection Certificates]

---

## CERTIFICATION

I, Pedro Larrea Paguaga, certify that:

1. I have reviewed this annual report on Form 20-F of Ferroglobe PLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in U.S. Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in U.S. Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 30, 2018

By: /s/ Pedro Larrea Paguaga  
Chief Executive Officer (Principal Executive Officer)

---



**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of Ferroglobe PLC (the "Company") on Form 20-F for the period ended December 31, 2017, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 30, 2018

By: /s/ Pedro Larrea Paguaga  
Chief Executive Officer (Principal Executive Officer)

By: /s/ Joseph Ragan  
Chief Financial Officer and Principal Accounting  
Officer (Principal Financial Officer)

This certification is being furnished to the U.S. Securities and Exchange Commission with this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the U.S. Securities Exchange Act of 1934, or otherwise subject to the liability of that section.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Ferroglobe and will be retained by Ferroglobe and furnished to the U.S. Securities and Exchange Commission or its staff upon request.

---

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-208911 on Form S-8 of our reports dated April 30, 2018 relating to the consolidated financial statements of Ferroglobe PLC and the effectiveness of Ferroglobe PLC's internal control over financial reporting (which report expresses an adverse opinion on the effectiveness of the Company's internal control over financial reporting because of material weaknesses), appearing in this Annual Report on Form 20-F of Ferroglobe PLC for the year ended December 31, 2017.

/s/ Deloitte, S.L.

Madrid, Spain  
April 30, 2018

---

### Mine Safety and Health Administration Safety Data

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") was enacted. Section 1503 of the Act contains new reporting requirements regarding coal or other mine safety.

We are committed to providing a safe workplace for all of our employees. We continue to engage proactively with federal and state agencies in support of measures which can legitimately improve the safety and well-being of our employees.

The operation of our mines located in the United States is subject to regulation by the Federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). MSHA inspects our mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. We present information below regarding certain mining safety and health violations, orders and citations issued by MSHA, as well as related assessments and legal actions with respect to our mining operations. In evaluating this information, consideration should be given to factors such as the following: (i) the number of violations, citations and orders will vary depending on the size of the mine, (ii) the number of citations and orders issued will vary from inspector to inspector and mine to mine, and (iii) violations, citations and orders can be contested and appealed, and in that process, may be reduced in severity and amount, and are sometimes dismissed.

The table below includes references to specific sections of the Mine Act. We are providing the information in the table by mining complex because that is how we manage and operate our business. The information in the table reflects violations, citations and orders issued to us by MSHA and related assessments and legal actions during the year ended December 31, 2016, as reflected in our records. Due to timing and other factors, the data in our system may not agree with the data maintained by MSHA.

For each mine, of which we or one of our Subsidiaries is an operator (number of occurrences, except for proposed assessment U.S. Dollar values).

Mine of Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed (\$)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violations Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	(A)		
										Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During the Period (#)	Legal Actions Resolved During Period (#)
Alden Resources - Maple Creek - 1519614	-	-	-	-	-	116	- No	No	-	1.00	1.00	
Alden Resources Mulberry - 1519687	-	-	-	-	-	-	- No	No	-	-	-	
Alden Resources - Mine #6 Engle Hollow- 1519486	-	-	-	-	-	116	- No	No	-	1.00	1.00	
Alden Resources - Westbourne Lane - 4003337	-	-	-	-	-	-	- No	No	-	-	-	
Alden Resources - Mine #3 Bain Branch- 1517691	9	-	-	-	-	9,086	- No	No	1.00	57.00	63.00	
Alden Resources - Gatliff Plant - 1509938	2	-	-	-	-	3,062	- No	No	-	24.00	24.00	
Alden Resources - Catron Branch - 1519245	-	-	-	-	-	-	- No	No	-	-	-	
Alden Resources - Logan Hollow/Elliott Branch- 1519387	-	-	-	-	-	-	- No	No	-	-	1.00	
Alden Resources - Colonel Hollow - 1519508	3	-	1	-	-	20,230	- No	No	3.00	4.00	1.00	
Alden Resources - Lick Fork - 1519596	-	-	-	-	-	-	- No	No	-	-	-	
ARL Resources - Emlyn Tipple - 1508019	-	-	-	-	-	-	- No	No	-	-	-	
Alabama Sand and Gravel: 01-03461 Miller Pit	2	-	-	-	-	1,104	- No	No	-	6.00	6.00	
Alabama Sand and Gravel: 01-03316 Mims Pit	2	-	-	-	-	464	- No	No	-	4.00	6.00	
Alabama Sand and Gravel: 01-03479	-	-	-	-	-	-	- No	No	-	-	-	
Rail/Washer Pit	-	-	-	-	-	232	- No	No	-	2.00	2.00	
Alabama Sand and Gravel: 01-03517	-	-	-	-	-	-	- No	No	-	-	-	
Meadows Pit	-	-	-	-	-	-	- No	No	-	-	-	

(A) The pending legal actions are all contests of citations and orders, which typically are filed prior to an operator's receipt of a proposed penalty assessment from MSHA or relate to orders for which penalties are not assessed (such as imminent danger orders under Section 107 of the Mine Act). This category includes:

- contests of citations or orders issued under section 104 of the Mine Act,
- contests of imminent danger withdrawal orders under section 107 of the Mine Act, and
- emergency response plan dispute proceedings (as required under the Mine Improvement and New Emergency Response Act of 2006, Pub. L. No. 109-236, 120 Stat. 493).