

IMPLEMENTATION AGREEMENT

Between:

The Hellenic Republic (hereinafter: “**HR**”), duly represented hereof by the Minister of Finance and the Minister of National Defence,

and

Hellenic Shipyards S.A. (hereinafter: “**HSY**”),

and

Howaldtswerke Deutsche Werft GmbH (hereinafter: “**HDW**”),

and

Abu Dhabi MAR LLC (hereinafter: “**ADM**”),

and

ThyssenKrupp Marine Systems AG (hereinafter: “**TKMS**”),

(together hereinafter: “**Parties to IA**”).

Preamble:

WHEREAS HR in the year 1998 decided the procurement of 3 + 1 optional HDW designed new class 214 submarines (“Archimedes Program”). To this effect the Contract 012B/00 was entered into between the HSY and HR - acting in this respect through the Ministry of National Defence/General Directorate of Armaments, later renamed to General Directorate of Defense Investments and Armaments (hereinafter referred to as “GDDIA”) - by virtue of which HSY undertook the overall management and execution of the Archimedes Program. The first submarine of the Program was to be built on the premises of HDW in Kiel, Germany in accordance also with the provisions of the related Contract Y 2341 between HSY and HDW (together also with Ferrostaal AG – formerly MAN Ferrostaal AG -, HDW and Ferrostaal AG hereinafter referred to as “Consortium”). The other three submarines of the Program were to be

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built on the premises of HSY in Skaramagas, Greece, based on the package materials and related services delivered and provided by HDW in accordance also with the provisions of the related Contract Y 2342 between HSY and the Consortium (the above Contracts 012B/00, Y 2341 and Y 2342 hereinafter jointly referred to as "SM 214 Contracts"). Furthermore with regard to the Archimedes Program the Off-Sets Contract no 8/2000 was entered into between GDDIA and the Consortium (hereinafter referred to as the "SM 214 Off Set Contract").

WHEREAS HR decided in the year 2002 the modernization and repair of three used HDW designed and built type 209 submarines of the Hellenic Navy ("Neptune II Program"). To this effect, the Contract 021B/02 was entered into between HSY and GDDIA, by virtue of which HSY undertook the overall management and execution of the Program, which was to be implemented based on package material and services delivered and provided by HDW in accordance also with the provisions of Contract no 3411 between HSY and the Consortium (the above Contracts 021B/02 and no 3411 hereinafter jointly referred to as "SM 209 Contracts"). Furthermore with regard to the Neptune II Program the Off-Sets Contract no 13/2002 was entered into between GDDIA and the Consortium (hereinafter referred to as the "SM 209 Off Set Contract").

WHEREAS HSY and Consortium terminated all SM 214 and SM 209 Contracts by serving notices of termination to GDDIA on September 21, 2009 for the reasons stated therein.

WHEREAS HR denied via the letter of GDDIA dated 28/9/2009 the validity of the aforementioned termination of SM 214 and SM 209 Contracts.

WHEREAS HSY and Consortium initiated on November 5, 2009 ICC arbitration proceedings under the case reference numbers ICC 16721/GZ and 16722/GZ seeking relief for the consequences arising against HR as per the relevant provisions of SM 214 and SM 209 Contracts, respectively;

WHEREAS by virtue of the Framework Agreement dated 18 March 2010 (hereinafter referred to as "FA") HR, HSY and HDW agreed to settle their disputes regarding the termination of SM 214 and SM 209 Contracts as well as all and any open issues

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related to the said Contracts, in accordance with the framework and following the procedures set forth in the FA.

Therefore now the Parties to IA for the purpose of implementing the FA hereby state, agree, covenant and accept, to the extent explicitly applicable to each of them according to this Agreement, as follows:

SECTION A

FINAL AND OVERALL SETTLEMENT

1. HR, HSY and HDW hereby settle by consent their disputes regarding the termination of SM 214 and SM 209 Contracts which are pending before the ICC arbitration as well as all and any open issues related to the said Contracts subject to the terms and conditions stipulated hereof.
2. The implementation of Archimedes Program shall henceforth be exclusively governed by the Contract 012B/00 between HR and HSY as laid down in Section B hereof which supersedes and replaces all and any prior agreements or amendments as well as all and any letters, memoranda or any other documents of any type or nature whatsoever executed, signed or entered into prior to the Effective Date of this Agreement, as defined in clause 7 of Section F hereof (hereinafter referred to as "EDCA"), with regard to the Archimedes Program.
3. The implementation of Neptune II Program shall henceforth be exclusively governed by the Contract 021B/02 between HR and HSY as laid down in Section C hereof which supersedes and replaces all and any prior agreements or amendments as well as all and any prior letters, memoranda or any other documents of any type or nature whatsoever executed, signed or entered into prior to the EDCA with regard to the Neptune II Program.
4. In accordance with the terms and conditions of the Waiver Agreement which is laid down in Section D hereof, HR, HSY and HDW, each of them individually (HDW acting also as proxy for Ferrostaal AG on the basis of the Power of Attorney dated 17th September 2009 which has not been revoked and as confirmed with the letter of 19th April 2010), waive, relinquish and give up with effect upon EDCA all claims, rights, demands, costs, expenses (including attorney's fees) of every nature, character and description whatsoever, whether in contract or in statute, against each other which arose or may have arisen under any laws or provisions of the SM 214 Contracts, SM 209 Contracts, SM

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209 Contracts, SM 214 Off-Set Contract and SM 209 Off-Set Contract prior to EDCA with regard to both Archimedes and Neptune II Programs.

5. HR, HSY and HDW (acting for itself and as proxy for Ferrostaal AG) shall terminate by consent immediately after Closing, as defined in clause 3 Section F hereof, the arbitration proceedings pending before the International Court of Arbitration of International Chamber of Commerce regarding the termination of SM 214 and SM 209 Contracts (ICC Cases No 16721 GZ & 16722/GZ). To this effect HR, HSY and HDW (acting for itself and as proxy for Ferrostaal AG) shall submit upon EDCA a joint request to ICC as the specimen laid down in Annex A of this Section and shall proceed to all required actions in order this Agreement to be given the formal effect of an award by consent under article 26 of ICC Rules of Arbitration.

6. HR, HSY and HDW hereby declare to each other that except for the aforementioned legal actions which they settle through the present Agreement they have neither filed nor in any other way lodged any other claim, lawsuit, petition, counter-suit or legal remedy whatsoever against any of the others in connection with the SM 214 Contracts, SM 209 Contracts, SM 214 Off Set Contract and SM 209 Off Set Contract.

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SECTION B

CONTRACT No. 012B/00

For the procurement of three (3) new complete Submarines, type 214, with their systems and associated material of initial outfit and Integrated Logistic Support (ILS) and one (1) optional Submarine, for the needs of Hellenic Navy.

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PREAMBLE

Whereas, the Ministry of National Defence of the Hellenic Republic, Athens, Greece (hereinafter called the Purchaser), is desirous of purchasing four (4) submarines type 214 (hereinafter called "Submarines 1, 2, 3 and 4"), with the associated deliverables and necessary services on a Turn Key basis, hereinafter called the "Project".

Whereas, the Hellenic Shipyards S.A. in Skaramanga, Greece (hereinafter called the "Contractor"), accepts the overall management and execution of the Project.

Whereas, both the companies Ferrostaal AG in Essen, Germany and Howaldtswerke-Deutsche Werft GmbH in Kiel, Germany for the time period up to the EDCA as defined in article 1 hereof, and solely the company Howaldtswerke-Deutsche Werft GmbH in Kiel, Germany for the time period after the EDCA (hereinafter called the "Main Subcontractor") in accordance and subject to the terms of the relevant contracts with the Contractor will grant the licence, provide the Package Material and all necessary know-how and services to the Contractor in order to enable him to build, equip, complete, test and deliver on a Turn Key basis to the Purchaser the Submarines 2, 3 and 4.

Whereas, with ΜΟΔ/ΓΔΑ/ΔΠΕ/ΤΝΕ Φ.604.2/408293/Σ.103/11Febr.00/ it has been awarded to the Contractor the procurement of Submarines 1, 2, 3 and 4.

Whereas, for the implementation of the Project and all the above the Purchaser and the Contractor originally entered into and signed on February 15, 2000 the present contract (hereinafter called the "Contract"), which was then amended as per Articles 22 hereof with the Amendments no 1, 2, 3, 4, 5, 6, 7 and 11.

Whereas, the relationship between the Purchaser and the Contractor regarding the implementation of the Project shall be exclusively governed as of EDCA by the following provisions contained herein which supersede and replace

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all and any prior agreements or amendments as well as all and any letters, memoranda or any other documents of any type or nature whatsoever executed, signed or entered into prior to the EDCA.

Now therefore,

the Purchaser and the Contractor hereby agree as follows:

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ARTICLE 1

DEFINITION OF TERMS

Contract	Means these General conditions as elaborated in the Articles 1 to 35 with the Annexes A to W, containing especially the Technical Specification (Annex A) and Performance Data (Annex B) and any modifications or amendments as may agreed by the contracting Parties in accordance with the terms and conditions of these General Conditions, all forming an integral part of this Contract.
Purchaser	Has the meaning ascribed in the Preamble
Contractor	Has the meaning ascribed in the Preamble
Main Subcontractor	Has the meaning ascribed in the Preamble
Project	Means the aggregated sum of the activities and responsibilities for designing, building, equipping, completing, testing and delivering the Submarines 1, 2, 3 and 4 as in detail specified in this Contract.
Sea Acceptance Trials or SATs	Means the trials to be carried out after completion and fitting out of each Submarine as per Article 14 of this Contract. The SATs for Submarines 2, 3 and 4 shall be carried out in the Greek territorial waters.
Submarine 1	Means the one (1) type 214 submarine and all components thereof, to be designed, built, equipped, completed, tested and delivered to the Purchaser in Kiel, under the terms and provisions of the Contract.
Submarines 2, 3 and 4	Means the three (3) submarines and all components thereof, to be built, equipped, completed, tested and delivered to the Purchaser

in Skaramanga, under the terms and provisions of the Contract.

Submarines	Means the Submarines 1, 2, 3 and 4.
Submarine	Means any one of the Submarines.
Submarine 4	Means the one (1) type 214 optional submarine and all components thereof, to be built, equipped, completed, tested and delivered to the Purchaser in Skaramanga according to Article 33 of this Contract.
Government Furnished Material (GFM)	Means the hardware, software and documentation pertaining to it, to be supplied by the Purchaser according to Annex C of this Contract.
Government Furnished Information (GFI)	Means the information to be supplied by the Purchaser according to Annex C of this Contract.
Combat System	Means the complete integrated system performing the sensor, command and control, fire control, electronic warfare, communication, navigation and weapon control functions.
Platform	Means the Submarine excluding the Combat System and GFM.
Hardware	Mean the sum of structural, mechanical, electric and electronic components of the Submarine(s) which are engineered to perform particular technical or operational functions.
Software	Means non-hardware elements including amongst others executable computer programs, programming language and databases.
Air Independent Propulsion (AIP)	Means the propulsion which permits the uninterrupted extended submerged operation of the Submarines, under the specified conditions and for the specified period of time without

snorkelling and without consuming power stored in the batteries with the exception of the power used for the start up support of the system.

Documentation Means the technical information for the operation and maintenance of the Submarines as specified in Annex A Bgr 0760.

Turn Key Means all the necessary financial, management and technical activities and responsibilities which shall be undertaken by the Contractor in order to deliver the Submarines to the Purchaser, ready to sail and operate, all as specified in details in this Contract.

Total Basic Contract Price Means the amount named in Article 5 paragraph 2 of the Contract, subject to additions thereto or deductions there from, as may agreed under the provisions of this Contract.

BWB Means the German Government, Ministry of Defence Procurement Agency, which by bilateral agreements, will assist the Purchaser with the execution of the Contract.

QAR Quality Assurance Representatives of the Purchaser

Data Means the technical information for the construction of the Submarines which can be contained in writings, drawings, pictorial reproductions and other graphic representation, magnetic tape computer memory printout or as retained in computer memory.

Licensor Means the Main Subcontractor who grants the license.

Licensee Means the Party to whom the license is granted, i.e. the Contractor.

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License	Means the agreement, where the Licensor extends to the Licensee the right to build the submarines of type 214 in Greece for an exclusive use by the Hellenic Navy, as laid down in Article 31.
Package Material	Means the Hardware and Software including the Data to be delivered, needed for the construction of the Submarines at the Contractor's premises.
Know – how	Means factual knowledge and information of technical nature in order to enable the Licensee to make full use of the Data.
Day	Means any day of the week.
Working Day	Means any day of the week except Saturday and Sunday and excluding Public Holidays in Greece.
Party	Means either the Purchaser, or the Contractor.
Parties	Means both, the Purchaser and the Contractor
Effective Date (EDC)	Means the original Effective Date of this Contract as stipulated thereto in Article 32, paragraph 1.
Effective Date of Implementation Agreement or	Means the date that the Implementation Agreement, integral part of which constitutes the Contract, shall become effective as per clause 7 of Section F thereof.
EDCA	
Team of Quality Assurance (TQA)	Means the Purchaser's authorised representatives to perform the Governmental Quality Assurance (called hereinafter TQA or Inspectors).
GDDIA	Means the Ministry of National Defence / General Directorate of Defence Investments and Armaments.

ARTICLE 2

OBJECT OF THE CONTRACT

1. The Contractor has the overall management and execution of the Project as in detail specified in the Contract.

2. The Contractor accepts to procure and deliver the Submarine 1 in Kiel, Germany and to build, equip, complete and test the Submarines 2, 3 and 4 and deliver these Submarines in Skaramanga on a Turn Key basis, whereas the Purchaser orders and undertakes to accept the delivery of these Submarines subject to and in accordance with the Contract and its Annexes.

3. The Contractor shall be the provider of the contractual guarantees and warranties to the Purchaser as stipulated in this Contract.

4. Each Submarine is to be delivered including:

4.1 The Submarine itself which shall have the following main characteristics, as in detail defined in Annexes A and B hereto:

- Length overall	65.3 m
- Length (pp)	64.0 m
- Inner diameter of pressure hull	6.3 m
- Mean draught (even keel)	6.6 m
- Height	13.0 m
- Surface displacement	1688 m ³
- Submerged displacement	1858 m ³
- FC modules	2 x 120kW
- Propulsion motor output at 150 rpm	3900 kW
- Diesel generator sets	2
- Generators output during snorkelling at 1800 rpm .	2 x 970 kW
- Main batteries	2 x 324 cells
- Operation depth	375 m
- Test depth	425 m
- Collapse depth	680 m
- Submerged speed, battery	21.0 Kts
- Submerged speed, FC	6.5 Kts
- Snorkelling speed	9.0 Kts

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- Surface speed, diesel	10.5 Kts
- Submerged Cruising Range with Battery ¹	390 nm
- Submerged Cruising Range with FC ¹	1254 nm
- Total Submerged Cruising Range ¹	1644 nm
- Maximum Cruising Range (snorkelling speed 4 Kts). ²	13200 nm
- Maximum Cruising Range (snorkelling speed 6 Kts). ²	12800 nm
- Maximum Cruising Range (snorkelling speed 8 Kts). ²	11750 nm
- Maximum Cruising Range (snorkelling speed 9 Kts). ²	10150 nm
- Duration of mission	50 Days
- Torpedo tubes	8

- 4.2 All the necessary software for the systems and first outfit of the Submarine.
- 4.3 Training as per Articles 18 and 19.
- 4.4 ILS system as per Article 19.
- 4.5 Spare parts, tools as per Article 19.

¹ Cruising Range with conventional Hotel Load consumption: of 50 kW submerged plus 7 kW for Fuel Cell operation all at a speed of 4 kts

² Cruising Range with Submerged Speed 4 kts and snorkeling speeds of 4,6,8,9 kts. Conventional Hotel Load consumption: 55 kW submerged, 130 kW snorkeling constant at all speed. The Maximum Cruising Range includes a total Submerged Cruising Range with FC (Fuel Cell) in ultra silent mode at 4 kts and a Hotel Load of 57 kW.

ARTICLE 3

OBLIGATIONS OF CONTRACTOR

In accordance with the terms of this Contract as per Article 2, the Contractor accepts the overall responsibility:

- To implement the management and the proper execution of the Project,
- To procure and deliver in Kiel, Germany the Submarine 1 which shall be designed, built, equipped, completed and tested by the Main Subcontractor,
- To build, equip, complete, test and deliver the Submarines 2 and 3 and 4 on a Turn Key basis, including the overall responsibility for the complete integration into and performance of the Combat System,
- The Submarines 2, 3 and 4, built, equipped, completed, tested and delivered by the Contractor in accordance with the terms of the Contract to achieve the performance provided for in Annex B hereof.

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ARTICLE 4

SPECIFICATIONS, STANDARDS AND RULES

1. The Contractor will perform the object of the Contract as per Article 2 in accordance with the specifications and rules mentioned hereinafter:

1.1 Technical Specification as per Annex A

1.2 Unless otherwise stated in the Contract or in Annex A, the design and the construction of the Submarines will be based upon the Building Rules and Regulations of the German Navy (GN) for the construction of Warships (BV, Bauvorschrift) and the Defense Material Standards of the German Navy (VG, Verteidigungs-Geraete™ Normen) as far as these are applicable to the construction of submarines as per 1998, as well as to variations thereto approved for submarines by the German Ministry of Defense, all of which will be laid down within one (1) month after EDC in a separate list and which will form an integral part of and be applied as per Annex A.

1.3 Furthermore MIL and / or NATO Standards (e.g. STANAG) will be applied as per Annex A.

1.4 German Industrial Standard (DIN, Deutsche Industrienorm) will be applied where VG-Standards are not available.

2. The Purchaser may request BWB to review in accordance with the Quality Assurance provisions of this Contract the design of the Submarines as part of the procedures included in Article 13 and the Contractor shall accept the findings and results of such review. Submarines 2, 3 and 4 shall be built in accordance with the Annexes A and B.

3. The Contractor shall provide to the Purchaser the documents mentioned in the above paragraphs 1.2, 1.3, and 1.4 in English language to the extent available at the Main Subcontractor, otherwise he shall assist the Purchaser to acquire the same.

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ARTICLE 5

CONTRACT PRICE, PRICE ESCALATION

1. The Contractor shall fulfill the object of the Contract as per Article 2, at prices and conditions detailed hereinafter.

2. The Total Basic Contract Price of the Contract including the prices for Submarine 4, the four (4) INGA systems and the price escalations for the period up to September 2009 amounts to:

Euros 1.854.000.000

(in words: one billion eight hundred fifty four million).

3. For purposes of Letters of Guarantee (as per Article 7 of this Contract), Insurance (as per Article 9 of this Contract) and of liquidated damages (as per Article 25 of this Contract) the prices for each Submarine are formulated as follows:

3.1 Submarine 1:

Euros 330.346.394

(in words: three hundred thirty million three hundred forty six thousand three hundred ninety four)

3.2 Submarine 2:

Euros 377.690.149

(in words: three hundred seventy seven million six hundred ninety thousand one hundred forty nine)

3.3 Submarine 3:

Euros 375.775.809

(in words: three hundred seventy five million seven hundred seventy five thousand eight hundred nine)

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3.4 Submarine 4:

Euros **342.699.059**

(in words: three hundred forty two million six hundred ninety nine thousand fifty nine)

(all the above prices are without the retention fee of 6.397%)

4. The Total Basic Contract Price as per paragraph 2 above, does not especially include the prices for the following items, which are not to be delivered by the Contractor under this Contract:

- all Government Furnished Material, Government Furnished Information and services as per Article 21 and Annex C of this Contract,
- naval ships, aircraft, helicopters and targets which may be necessary for the execution of the HATs and SATs that require such availability as per Article 14,
- torpedoes/missiles, missile simulator, each with associated consumables for the execution of the acceptance tests and trials as per Article 14,
- fuel, lubricants and other consumables (including gases) needed for the execution of setting to work, tests and trials for Submarines 2, 3 and 4,
- all cost related to a possible project finance.

The above items if so agreed to be provided by the Purchaser shall be provided free of charge, otherwise related cost shall be borne by the Purchaser.

5. The supplies and services to be delivered / rendered for the prices as per this Article 5 are free from any encumbrance, debt, seizure, attachment, mortgage, free from any legal defect and third-party claims.

6. The Total Basic Contract Price does not include the retention fee which presently amounts to 6,397% and shall be added to all invoices to be issued to the Purchaser. Furthermore the payments to be made by the Purchaser shall not be subject

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to any income tax withholdings and especially those provided for in article 55 Law 2238/1994 as currently in force.

7. Save for as provided in the above paragraph 6 of this Article 5, the Contractor shall pay any and all present and future taxes, fees, dues duties etc. levied in Greece on the basis of, or in connection with, the present Contract.

8. Conditional on the Greek order to be the first one for the type HDW class 214 Submarine, the Contractor shall procure that the Main Subcontractor shall pay to the Purchaser an amount of Euros 1.533.900 (one million five hundred thirty three thousand nine hundred) as "Royalties" from the eleventh identical type HDW class 214 Submarine ordered within a time frame of six (6) years after Effective Date of the Contract (EDC). Such sum shall be payable for each such submarine from the eleventh, respectively due to the Purchaser, upon full receipt by the Main Subcontractor of full payment therefore.

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ARTICLE 6

TERMS AND METHOD OF PAYMENT

1. Payment of the Total Basic Contract Price as per Article 5, by the Purchaser to the Contractor for the time periods before and after the EDCA is detailed hereinafter.

2. PAYMENT SCHEDULE

2.1 Payments prior to the EDCA

2.1.1. Against the Total Basic Contract Price payable under article 5.2 hereof, the Purchaser has effected until the EDCA payments amounting to:

EURO 1.395.300.000

(in words: one billion three hundred ninety five million three hundred thousand – “the pre-EDCA payments”)

2.1.2 The pre-EDCA payments include an amount of EURO 254.700.000 (two hundred and fifty four million seven hundred thousand) representing payments which were originally effected by the Purchaser under the Contract 021B/02 entered into between the Purchaser and the Contractor. The Parties hereby expressly agree that the above payments of a total amount of EURO 254.700.000 (two hundred and fifty four million seven hundred thousand) shall be allocated to the payment obligations of the Purchaser arising under this Contract for the purpose of irrevocable set-off and discharge of payment obligations of equal amount of the Purchaser which had become due and payable prior to EDCA. To this effect the Contractor will issue the credit notes and invoices required in order to reflect the above arrangement. Said credit notes and invoices will be recognized for tax and accounting purposes within the Contractor's accounting year ending on 30.09.2010.

2.1.3 The Parties explicitly state and recognise that the above pre-EDCA payments, actually made under this Contract, have been effected for valid and good reason and in accordance with the provisions of this Contract as in force at the time of each such payment. The pre-EDCA payments remain in all

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respects irrevocably binding and valid as made for the purposes of this Contract and in discharge of the obligations of the Purchaser under article 5.2. hereof.

2.2. Payment upon EDCA

The amount of:

EURO 103.000.000

(in words: one hundred three million)

shall be paid upon the EDCA (the "EDCA payment").

2.3. Payments after the EDCA

The remaining balance of the Total Basic Contract price shall be paid as follows (the "post-EDCA payments"):

2.3.1 EURO 12.750.000,00

(in words: twelve million seven hundred fifty thousand)

shall be paid on 15 February 2011.

2.3.2 EURO 12.750.000,00

(in words: twelve million seven hundred fifty thousand)

shall be paid on 15 May 2011.

2.3.3 EURO 12.750.000,00

(in words: twelve million seven hundred fifty thousand)

shall be paid on 15 August 2011.

2.3.4 EURO 12.750.000,00

(in words: twelve million seven hundred fifty thousand)

shall be paid on 15 November 2011.

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2.3.5 EURO 10.500.000,00

(in words: ten million five hundred thousand)

shall be paid on 15 February 2012.

2.3.6 EURO 10.500.000,00

(in words: ten million five hundred thousand)

shall be paid on 15 May 2012.

2.3.7 EURO 10.500.000,00

(in words: ten million five hundred thousand)

shall be paid on 15 August 2012.

2.3.8 EURO 10.500.000,00

(in words: ten million five hundred thousand)

shall be paid on 15 November 2012.

2.3.9 EURO 2.000.000,00

(in words: two million)

shall be paid on 15 February 2013.

2.3.10 EURO 2.000.000,00

(in words: two million)

shall be paid on 15 May 2013.

2.3.11 EURO 2.000.000,00

(in words: two million)

shall be paid on 15 August 2013.

2.3.12 EURO 2.000.000,00

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(in words: two million)

shall be paid on 15 November 2013.

3. It is expressly agreed that all post EDCA payments shall be effected at the dates mentioned in the above paragraphs 2.3.1 – 2.3.12 which constitute due payment dates in the meaning of article 341 of Greek Civil Code. Thirty (30) days in advance of each payment date mentioned in the paragraphs 2.3.1 – 2.3.12 the Contractor shall hand over to the Purchaser all necessary documents foreseen for the payment. Payments shall be considered as performed on the date when the amounts are received in full and free at the relevant bank accounts numbers.

4. Any price adjustment on account of modifications as per Article 22 shall be paid to the Contractor or deductions to be made from further payments in favour of the Purchaser (as the case might be) in accordance with the terms and conditions of the respective AMENDMENT as mutually agreed upon.

5. The payment of paragraph 2.2 and all payments of paragraph 2.3 of this Article shall be made by the Purchaser against presentation by the Contractor of:

- Contractor's payment receipt,
- Original Commercial invoice issued by the Contractor

6.1 All payments of the present Contract shall be made by the Purchaser to the Contractor to the Cyprus Bank (Leoforos Alexandras 170, Athens) to the account no. IBAN GR 9007305010000000005470952 of the Contractor or any other account with a bank operating in Euro-zone area clearing funds through the TARGET system as at time notified 30 Days in advance in writing by the Contractor to the Purchaser.

6.2 Any payments in favour of the Purchaser shall be made by the Contractor to the account No of the Purchaser with the Bank.

7.1 In case any payment to the Contractor provided for above is delayed by more than thirty (30) Days after the respective due payment date and such situation cannot be overcome in discussions to be held between the Parties, then the Contractor shall

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have the right to suspend its contractual obligations in respect of Contractor's activities under this Contract, until such date, when the payment(s) have been effectively received by the Contractor. The Contractor shall then be entitled to an extension of the delivery period(s) by one (1) Day for each Day of suspension. If the Contractor so decides to extend the delivery date(s) and notifies the Purchaser as such within thirty (30) Days following the restart of work, then the time schedules shall be adjusted accordingly.

7.2 In case any payment to the Contractor provided for above is delayed by more than (30) Days after the respective due payment date, the Contractor shall be entitled to receive the due amount with default interest which shall be calculated with the applicable statutory rate of default interest as at any time in force, starting from the day following the lapse of the above period of thirty (30) Days until full payment is received by the Contractor.

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ARTICLE 7

GUARANTEES

1. TRANSFER OF PROPERTY

1.1 Transfer of property on the Submarines under construction is foreseen and intended to secure the Purchaser for all payments effected under the Contract as per Article 6 until the delivery of each Submarine. The transfer of property on the Submarines under construction is hereby agreed and shall be gradually performed and proven by a certificate of property in the format as per Annex G that will be issued and delivered by the Contractor to the Purchaser as follows:

Upon EDCA the Contractor shall issue and deliver to the Purchaser the said certificate confirming the percentage of property transferred in each of the Submarines 2, 3 and 4 under construction for all payments made up to EDCA. Following the EDCA, the said certificate of property transfer will be issued within one week after receipt by the Contractor of each of the payments of paragraph 2.3 of Article 6 hereof.

1.2 Such transfer of property shall be free and clean of any liens, claims, mortgages or any encumbrances on the corresponding Submarine and all of its components, which shall be absolutely free of all burdens in the nature of import taxes or charges imposed by the city, or state or of the port of delivery and shall also be free from any social security encumbrances, on salaries or wages.

1.3 The transfer of property has no influence whatsoever on the Contractor's obligations, engagements and the consequences thereof, which derive from all and any of the terms of the Contract.

2. ADVANCE PAYMENT GUARANTEES.

The Purchaser states and recognises that all corporate advance payment guarantees which are set out in Annex F of this Contract and were granted

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prior to EDCA, are no more valid and shall be returned upon EDCA to the party that has issued each of them.

3. GOOD PERFORMANCE GUARANTEE

3.1 The Purchaser states and recognises that all corporate good execution and performance guarantees which are set out in Annex F of this Contract and were granted prior to EDCA, are no more valid and shall be returned upon EDCA to the party that has issued each of them.

3.2 A corporate letter of guarantee for the good performance of the terms of the Contract, issued by the Main Subcontractor in favour of the Purchaser and representing ten (10%) of the price of the Submarine 1 as per paragraph 3.1 of the Article 5 of this Contract shall be forwarded by the Contractor to the Purchaser upon EDCA.

3.3 The letter of guarantee of above paragraph 3.2 shall be automatically reduced to an amount representing 10% (ten per cent) of its original value as per paragraph 3.2 above on the day of the expiration of the warranty period of the Submarine 1 as defined in paragraph 1.1 of Article 17. In case there are pending warranty claims related to the Submarine 1 the Guarantee shall not be reduced until such claims have been settled. The letter of guarantee shall be reduced to zero, shall expire and shall be returned to the Main Subcontractor within thirty (30) Days after the expiration of the warranty period for the Submarine 1.

3.4 A corporate letter of guarantee for the good performance of the terms of the Contract, issued by the Contractor in favour of the Purchaser and representing ten (10%) of the price of the Submarine 2 as paragraph 3.2 of the Article 5 of this Contract shall be forwarded by the Contractor to the Purchaser ten (10) Days before the delivery of Submarine 2.

3.5 The letter of guarantee of above paragraph 3.4 shall be automatically reduced to an amount representing 10% (ten per cent) of its original value as per paragraph 3.4 above on the day of the expiration of the warranty period of

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the Submarine 2 as defined in paragraph 1.2 of Article 17.. In case there are pending warranty claims related to the Submarine 2, the Guarantee shall not be reduced until such claims have been settled. The letter of guarantee shall be reduced to zero, shall expire and shall be returned to the Contractor within thirty (30) Days after the expiration of the warranty period for the Submarine 2. In case there are pending warranty claims, the Guarantee shall not be reduced to zero and returned until such claims have been settled.

3.6 A corporate letter of guarantee for the good performance of the terms of the Contract, issued by the Contractor in favour of the Purchaser and representing ten (10%) of the price of the Submarine 3 as paragraph 3.3 of the Article 5 of this Contract shall be forwarded by the Contractor to the Purchaser ten (10) Days before the delivery of Submarine 3.

3.7 The letter of guarantee of above paragraph 3.6 shall be automatically reduced to an amount representing 10% (ten per cent) of its original value as per paragraph 3.6 above on the day of the expiration of the warranty period of the Submarine 3 as defined in paragraph 1.2 of Article 17. In case there are pending warranty claims related to the Submarine 3, the Guarantee shall not be reduced until such claims have been settled. The letter of guarantee shall be reduced to zero, shall expire and shall be returned to the Contractor within thirty (30) Days after the expiration of the warranty period for the Submarine 3. In case there are pending warranty claims, the Guarantee shall not be reduced to zero and returned until such claims have been settled.

3.8 A corporate letter of guarantee for the good performance of the terms of the Contract, issued by the Contractor in favour of the Purchaser and representing ten (10%) of the price of the Submarine 4 as paragraph 3.4 of the Article 5 of this Contract shall be forwarded by the Contractor to the Purchaser ten (10) Days before the delivery of Submarine 4.

3.9 The letter of guarantee of above paragraph 3.8 shall be automatically reduced to an amount representing 10% (ten per cent) of its original value as per paragraph 3.8 above on the day of the expiration of the warranty period of

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the Submarine 4 as defined in paragraph 1.2 of Article 17. The letter of guarantee shall be reduced to zero, shall expire and shall be returned to the Contractor within thirty (30) Days after the expiration of the warranty period for the Submarine 4. In case there are pending warranty claims, the Guarantee shall not be reduced to zero and returned until such claims have been settled.

3.10 The Contractor shall be obligated fifteen (15) days prior to expiration to extend the validity of the Good Performance Guarantee in case any of his contractual warranty obligations, including those contained in the Protocol of Delivery and Acceptance is still unfulfilled. The amount of the Good Performance Guarantee shall be reduced by mutual agreement for the time of such extension.

3.11 The format of these letters of guarantee is laid down in Annex I.

4. PERFORMANCE OF SUB-CONTRACTORS

The Contractor undertakes to keep the Purchaser fully informed about any major issues out of a default of his sub-contractors and always to fully exercise its rights against such sub-contractors, including the exercise of rights under any guarantees received from such sub-contractors.

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ARTICLE 8

TRANSPARENCY AND AUDIT

1. The Contractor confirms that he has not and will not have any representatives, intermediaries or agents (other than his own personnel) for the object of this Contract. Persons or companies which may have acted or involved prior to EDCA in the sense of the previous sentence on behalf of the Contractor, are not and will not be involved in the execution of this Contract.

2. The Contractor has not and will not in the future agree to pay any success fees, finder's fees, advisory fees or similar fees or commissions in relation to this Contract to any physical person or entity. However, the Contractor shall be entitled to acquire professional consultancy services with regard to the Contract rendered by law firms, tax advisors, technical advisors, accountants etc. If such services will be acquired outside Greece, the Contractor shall disclose the relevant contracts to the Purchaser in accordance with paragraph 4 of this article.

3. The Contractor shall refrain from using offshore companies or entities as direct suppliers of parts, equipment, services or otherwise in relation to the object of this Contract unless the award of the contract to an offshore company proves to be unavoidable (and only after prior disclosure to the Purchaser, such disclosure including available information about the ultimate beneficiary of the relevant offshore company). For the purposes of this Article "offshore companies or entities" shall have the meaning attributed in L. 3091/2002 and L. 3310/2005 as in force at the date hereof, i.e. shall mean any company or entity that is registered in a country other than the one in which it conducts most of its business and enjoys a privileged tax treatment, including without limitation those registered in the countries listed in 1108437/2565/ΔΟΣ/15.11.2005 Decision of the Minister of Economy and Finance based on the list issued by OECD, as well as those which fulfil the criteria set out in Circular 1021764/10217/B0012/ΤΙΟΑ 1041/5-3-2003 of the Greek Ministry of Economy and Finance.

4. The Contractor shall deliver to the Purchaser, within thirty (30) Days from their signing, a true copy of all written agreements or undertakings with a volume of

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more than 100.000 Euro it will enter or amend from EDCA onwards with any third party in connection to this Contract, together with all pertinent annexes, schedules and tables. Additionally, the Contractor shall furnish the Purchaser, within thirty (30) Days from receipt of written notice, true copies of any contracts or written agreements it may have entered in the past after September 21, 2009 with any subcontractor or other third party in connection to the object of this Contract. This does not apply to standard contracts such as employment contracts, leased labor, utility services etc.

5. The Contractor shall procure that all payments to subcontractors, advisors (to the extent permissible at all) and suppliers in connection to this Contract are made solely through bank accounts maintained with bank branches located and operating within the OECD area as well as in UAE .

6. The Contractor shall procure that the obligations contained in paragraphs 1 2, and 3 of this Article shall also be imposed by the respective subcontract to the Main Subcontractor.

7. The Purchaser shall have the right, at its own expense, to direct an international independent audit firm (e.g. KPMG, PWC, Ernst & Young, Deloitte or BDO) or the Greek branch of such firm to inspect and audit all the contractual relationships and payments of the Contractor with its subcontractors and suppliers for goods, equipment and services in connection to this Contract as well as the relevant accounting, corporate and commercial books and records of the Contractor, following a written notice sent at least thirty (30) Working Days prior to the commencement of audit to the Contractor. The notice shall include a full and true copy of the appointment letter of the auditor, a complete list of all the individuals who will be engaged for the purpose of the audit and the end date of the audit.

The Contractor shall ensure that the Purchaser's auditors during regular office hours of the Contractor are given full and immediate access to all requested information in the possession or control of the Contractor and shall have the right to examine any of the Contractor's records that pertain to, and involve transactions relating to this Contract and to interview (if so requested by the Contractor or the respective

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individual to be interviewed in the presence of an independent witness or legal advisor or accountant) Contractor's personnel and management.

The audit shall commence provided, that (a) any such audit shall be conducted in such a manner as not to unreasonably interfere with normal business activities; (b) in no event shall audits be made hereunder more frequently than once each calendar year and (c) the Contractor has not sent a written notice of rejection to the Purchaser within ten (10) Working Days after receipt of the written notice with regard to the audit. The Contractor shall have the right to reject if (i) the audit firm does not meet the criteria of this paragraph 7, (ii) the notice does not contain the appointment letter or the appointment letter is not in line with this paragraph 7, (iii) the notice does not include a complete list of all the individuals who will be engaged in the audit or one of these individuals has a conflict of interest, (iv) the most recent audit hereunder has been finalized less than twelve (12) months prior to the announced commencement date of the announced audit, or (v) the announced audit firm or any of the announced individuals have been in breach of the confidentiality undertakings under the respective appointment letter or this paragraph 7 in one of the previous audits hereunder.

The auditors to be appointed by the Purchaser under this paragraph will not be entitled to disclose any privileged information (like with regard to lawyers, tax advisors etc.) it will come into their possession or knowledge. Furthermore the auditors and the Purchaser undertake to treat as highly confidential all information, data and documents, which they shall receive in connection with any of the afore-mentioned audits. Unless explicitly provided for by mandatory rules of law, the Purchaser shall refrain from disclosing to any third party any such information, data and documents without the prior written consent of the Contractor. The auditors to be appointed by the Purchaser pursuant to this paragraph shall sign a written undertaking confirming their confidentiality obligations vis-à-vis the Contractor.

8. The Contractor shall adopt, implement and publish on its website an anti-corruption policy in accordance with OECD standards. Such policy will set the

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internal standards to enable the Contractor to comply at all times with the applicable Greek and international law with regard to anti-corruption.

The Contractor shall sanction violations and take remedial action should one of its directors, officers or employees and staff breach the anti-corruption obligations.

9. In case the Contractor intentionally violates in a material way its duties under paragraphs 1, 2, 3, 5 or 7 (however related only to the granting of access with respect to an audit to be commenced and not to individual elements of the audit) of this Article 8 and the Contractor does not remedy such violation within thirty (30) Days after a respective notice of the Purchaser was received by the Contractor, the Purchaser shall be entitled to terminate the Contract as per article 27 hereof. For any breach of the Contractor's duties under paragraphs 4 and 7 (different than as provided under the first sentence) of this Article 8, the Purchaser shall notify in writing the Contractor and shall grant him a reasonable remedy period of thirty (30) Days. If the Contractor does not remedy such violation, the Parties shall enter into good faith negotiations on how to ensure proper fulfilment of the Contractor's duties under paragraphs 4 and 7 of this Article.

ARTICLE 9

INSURANCE

1. Each Submarine and all materials, parts and equipment thereof, whether on board or not, shall be insured by the Contractor on his own expenses during the period of construction and the trials until the delivery and acceptance of the said Submarine.

2. Such insurance shall cover up to the prices specified in the paragraphs 3.1, 3.2, 3.3 and 3.4 respectively as per Article 5 for the corresponding Submarine and the value of the GFM plus a value of 5% to cover escalation and other expenses.

3. The value of GFM shall be communicated by the Purchaser to the Contractor in due time before the delivery of the GFM.

4.1. The Contractor shall procure that the insurance policy for Submarine 1 will be issued in the joint names of the Purchaser and the Main Subcontractor, effected with first class insurers, including all risks except war in accordance with the provisions of the Institute Clauses for Builder Risks – German Version. One specimen of the insurance cover note is attached to this Contract in Annex J and a signed insurance cover note, shall be submitted by the Main Subcontractor to the Purchaser via the Contractor after Effective Date of this Contract.

4.2. The insurance policy for Submarines 2, 3 and 4 will be issued in the joint names of the Purchaser and the Contractor, effected with first class insurers, including all risks except war in accordance with the provisions of the Institute Clauses for Builder Risks. One specimen of the insurance cover note is attached to this Contract in Annex J and a signed insurance cover note, shall be submitted by the Contractor to the Purchaser after Effective Date of this Contract.

5.1 Should Submarine 1 from any cause becomes or be deemed at any time a constructive, arranged or compromised total loss under the insurance policy, any insurance moneys shall be paid jointly to the Purchaser and the Main Subcontractor for reimbursement. Of such moneys the Purchaser shall receive the amounts paid by him to the Main Subcontractor plus the fixed value of GFM of 500.000 euro, as per paragraphs 2 and 3 above, and any balance shall belong to the Main Subcontractor.

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Against receipt of the aforementioned payment the Purchaser shall release the guarantees furnished in his favour, proportionally to the amount received. In such a case of total loss, the relevant part of this Contract related with Submarine 1 will be considered dissolved, without any further liability of Purchaser and/or Contractor and/or Main Subcontractor in this respect.

5.2. Should Submarines 2 or 3 or 4 from any cause become or be deemed at any time a constructive, arranged or compromised total loss under the insurance policy, any insurance moneys shall be paid jointly to the Purchaser and the Contractor for reimbursement. Of such moneys the Purchaser shall receive the amounts paid by him to the Contractor plus the fixed value of GFM of 500.000 euro, as per paragraphs 2 and 3 above, and any balance shall belong to the Contractor. Against receipt of the aforementioned payment the Purchaser shall release the guarantees furnished in his favour, proportionally to the amount received. In such a case of total loss, the relevant part of this Contract will be considered dissolved, without any further liability of Purchaser and/or Contractor.

6. In the event of an insured damage which does not result in a total loss or constructive total loss of the insured property as per paragraphs 1 and 2 above the Purchaser shall promptly give his written consent for the direct payment of the insurance proceeds to the Contractor (or to the Main Subcontractor for Submarine 1) and damages shall be repaired or damaged items replaced by the Contractor and / or Main Subcontractor with all due dispatch during ordinary working hours using such proceeds. The delivery time as per Article 24 hereof shall be equitably extended by mutual agreement between the Purchaser and the Contractor taking into account the delay in delivery caused by any such damage or any repair thereof. Any additional rights exceeding the above ones cannot be derived from such damages.

7. During the execution of the Contract at Main Subcontractor's premises, the Contractor shall at his expense effect a casualty insurance for all personnel delegated by the Purchaser to this effect within the premises of the Main Subcontractor or his subcontractors. These insurances to cover the following amounts per person:

Death: 50.000,00 Euro

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Disablement: 100.000,00 Euro

This insurance shall also cover the risks of Purchaser personnel in the usual means of transportation utilised by them in order to get to the workshops of the Main Subcontractor or his subcontractors or to return from there. Any further claims against the Main Subcontractor shall be excluded.

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ARTICLE 10**LAW OF THE CONTRACT**

This Contract shall be governed by and construed in accordance with the Greek Laws.

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ARTICLE 11**MATERIALS AND CONSTRUCTION**

1. The Contractor shall at his expense procure, install, test and deliver all materials and provide all services as foreseen in this Contract. For the GFM Article 21 applies.
2. Materials and equipment units ("Bgr" as per Annex A) except GFM, will be proven by the Contractor as specified in detail in Articles 13 and 14 so that their quality meets the Technical Specification as per Annex A.
3. The materials, machinery, equipment of the Submarines shall be factory new (upon installation) except as used for the testing of Submarines and training of Purchaser's personnel.
4. All minor fittings, which are required for the proper completion and cooperation of the Submarines, although not specified in particular in the Technical Specification, shall be provided and fitted by the Contractor at his expenses.
5. The sequence of construction for Submarines 2, 3 and 4 for the period after EDCA is set out in Annex D. In case of failure of the Contractor to achieve two (2) consecutive milestones mentioned in Annex D the Purchaser shall be entitled to terminate the Contract as per Article 27.

ARTICLE 12**RIGHT OF ASSIGNMENT- SUBCONTRACTING**

1 Neither the Contractor nor the Purchaser shall, without the consent in writing of the other Party, such consent not to be unreasonably withheld, assign or transfer its part of this Contract or any part, share, right or obligation therein, to any third party. However the Contractor shall be entitled to assign his payment claims under this Contract to one or more recognised banks in accordance with Article 45 Presidential Decree 284/1989.

2. The major subcontractors and suppliers of the Contractor for the construction of Submarines are presented in the Technical Specifications (Annex A of this Contract) and as per attached Annex K. In case of change or addition of any major subcontractor or supplier the Contractor shall request the consent in writing of the Purchaser. Such consent shall not be unreasonably withheld. For any other subcontractors to be chosen by the Contractor at its own sole discretion, the Contractor will also take into consideration the local suppliers.

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ARTICLE 13

QUALITY ASSURANCE

1. The Purchaser shall arrange, within the framework of Intergovernmental agreement between countries members of NATO (STANAG 4107) and relevant MOU for services beyond those provided by STANAG 4107 and the Contractor shall accept himself and shall procure that the Main Subcontractor shall also accept Governmental Quality Assurance performed by the German Government, Ministry of Defence Procurement Agency (BWB). BWB shall assign to the premises of the Main Subcontractor duly authorised and competent personnel – hereinafter referred to as Quality Assurance Representative (QAR) – to perform quality control in accordance with AQAP-110 requirements during the execution of the Contract related with design, construction and acceptance tests and trials (FATs, HATs, SATs) of Submarine 1 and the construction and acceptance tests (FATs) for all materials and systems manufactured in Germany for Submarines 2, 3 and 4.

2. The QAR shall, to the extent of their functions, communicate and cooperate closely with the Purchaser's representatives, viz. Hellenic Naval Detachment of Kiel (HNDK), who shall be properly authorised to follow the execution of the Contract on behalf of the Purchaser, as described in Article 34 of this Contract.

3. The Purchaser shall appoint, for the part of the Contract related with the construction and acceptance tests and trials of Submarines 2, 3 and 4, duly authorised representatives – hereinafter referred to as Team of Quality Assurance (TQA) – to perform the Governmental Quality Assurance at all stages of this Contract, up to its completion. The TQA may be assisted by an authorised Quality Assurance Authority (Classification Society).

4. The TQA shall be constituted by and assigned to the GDDIA in accordance with articles 7 and 8 of the Governmental Quality Assurance Regulations for the Defence Procurements. Its task shall be the fulfilment by the Contractor of his contractual obligations related with the conformity of materials and services with the contractual stipulations, the Greek Added Value (GAV) and time of delivery, in

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accordance with this Article, Article 20 and the Governmental Quality Assurance Regulations for the Defence Procurements (ed. June 1998).

5. The TQA, to the extent of its functions, shall communicate and cooperate with the Purchaser's representatives, viz. Hellenic Naval Detachment of Skaramanga (HNDS), who shall be properly authorised to follow the execution of the Contract on behalf of the Purchaser, as described in Article 34 of this Contract.

6. The Contractor is obliged to document and implement a Quality Assurance System satisfying the requirements of ISO 9002/94 and be certified by an appropriate member of the International Association of Classification Societies (IACS) one (1) year of the Effective Date of this Contract. For the object of this Contract, the Contractor is bound to submit to TQA a Quality Plan within twenty two (22) months after the Effective Date in accordance with the Governmental Quality Assurance Regulations and AQAP-120. The TQA will, within forty (40) days from the date of receipt, approve the Quality Plan or provide his remarks / observations for consideration. The Contractor shall therefore comply with the TQA's remarks / observations and re-submit the Quality Plan within ten (10) days after the date of receipt. Final approval by TQA shall be performed within the following ten (10) days. It is accepted that the Quality Plan implemented by the Contractor could be, following its approval, supplemented by specific additional requirements, which shall be mutually agreed between the Parties.

7. The subcontractors selected by the Contractor with the Purchaser's consent, shall implement a Quality Assurance System for the products and services assigned to them by the Contractor, that shall satisfy the requirements of ISO 9002 and ISO 9001 for design control. Alternatively, they shall implement a Quality System approved by the Contractor in accordance with his Quality Assurance System procedures.

8. In the Contractor's contracts with suppliers / manufacturers of a foreign country to be foreseen that they shall be subjected to, upon request by the Purchaser, Governmental Quality Assurance by a competent authority of their countries.

9. The Contractor shall issue monthly and deliver to TQA and HNDS respectively, a construction planning time schedule for the activities taking place in his premises.

10. All inspections and evaluations shall be performed in such a manner that will not unduly delay the work. Any document and data which the Contractor will submit to TQA, HNDS, HNDK and QAR respectively for approval, shall be returned to the Contractor, with the appropriate approval or comments, if any, within twenty (20) days from the submission date. In the event the documentation is not returned after the lapse of twenty (20) Days, the submitted document and data shall be considered approved.

11. The Contractor or the Main Subcontractor shall advise in writing the TQA, HNDS, QAR and HNDK respectively of the availability of materials and items ready for Factory Acceptance Tests (FAT) at the subcontractors' premises, at least one (1) week in advance. In addition, the Contractor shall notify, in the same manner, about preliminary inspections and in-plant tests at least three (3) Working Days in advance.

12. Each inspection shall commence and be conducted promptly in order not to unduly delay the work, after the contractual items were made are available for inspection.

13. Irrespective of the activities of the TQA, HNDS, QAR and HNDK the Contractor is not released from his sole responsibility for the satisfactory and timely execution of the Project.

14. The Purchaser shall arrange a Certificate of Conformity (CoC) to be issued for each Submarine, in accordance with the Governmental Quality Assurance Regulations covering the Submarine and its systems.

15. Especially for Submarine 1 that will be built in Germany, as well as the Package Materials that will be constructed in Germany for Submarines 2, 3 and 4 that will be built in Greece, a Certificate of Conformity (CoC) shall be issued by the Governmental Quality Assurance of the Republic of Germany (BWB).

16. The materials and systems of Submarine 2, 3 and 4 that will be built in Greece, as well as the raw materials required for their construction shall be accompanied by Certificates of Conformity issued by the relevant manufacturers. The final products (SUBMARINES) shall be accompanied by the Certificate of Conformity (CoC) countersigned by the TQA of GDDIA. When these certificates are issued, after the successful completion of all acceptance tests and trials, the qualitative delivery of the materials of Submarines 2, 3 and 4 is considered as performed.

17. Personal expenses of the Purchaser's personnel (salaries, travelling, boarding, lodging, health insurance etc.) as set forth in this Article, shall be at the cost and expense of the Purchaser.

18. The quality standards ISO and AQAP, which are valid at the time this Contract comes effective and referred throughout this Article, shall be implemented and be valid until the finalisation of the Contract.

ARTICLE 14

ACCEPTANCE TESTS AND TRIALS

1. The Acceptance Tests and Trials of the equipment and the systems of each Submarine shall be performed as follows:

1.1. Factory Acceptance Tests (FATs) to be conducted at the Contractor's and his subcontractors' or suppliers' premises.

1.2. Harbour Acceptance Trials (HATs) to be conducted at the Contractor's shipyard for Submarines 2, 3 & 4 and at the Main Subcontractor's shipyard for Submarine 1.

1.3. Sea Acceptance Trials (SATs) to be conducted after completion and fitting out of each Submarine.

Such tests being herein collectively referred to as "Acceptance Tests and Trials" (SATs and HATs being herein referred to as Acceptance Trials). The List of Acceptance Tests and Trials [List of Performance Proofs (LOPP)] is mutually agreed between the Parties and is presented in Annex A, BGr. 0603.

2. The procedures of the Submarines' HATs and SATs are specified by the Contractor in cooperation with the Purchaser and the QAR and have been approved by the Purchaser and the QAR. Any changes to these procedures can be made as follows: The Contractor shall submit through the Main Subcontractor to the Chief of the Inspectors (HNDK) and to the QAR, a draft of the relevant test specification not later than ninety (90) Days prior to the execution of the relevant Test and Trial of Submarine 1. The Chief of the Inspectors and the QAR shall submit their comments in writing within twenty (20) Days from the date of receipt. In the event that no comments are received, the test specification shall be deemed approved. The Contractor shall, within ten (10) Days after the expiry of the twenty (20) Days period, submit through the Main Subcontractor the final test specification. In case of any disagreement, the Contractor's Project Manager, the Chief of the Inspectors and the QAR shall promptly meet to settle the issue. The procedures for the HATs and SATs of Submarines 2, 3 and 4 shall be identical to the relevant procedures applied for

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Submarine 1. Any differences shall be identified and properly documented in order to be approved by the Purchaser. Such approval should not be unreasonably withheld.

3. Unfinished work, defects, deficiencies, omissions and damages ascertained during the Acceptance Tests and Trials should be corrected by the Contractor, who shall be required to repeat the relevant HAT or SAT of the corresponding system, where necessary, in order to demonstrate the correct functioning of this system.

4. All Acceptance Trials (HATs, SATs), except those tests and trials to be performed during the warranty period as per Annex B, shall be conducted before the delivery of each Submarine.

5. Part of Acceptance Trials may be conducted during the warranty period, if mutually agreed upon.

6. Acceptance Tests and Trials shall be conducted under the full responsibility of the Contractor who is required to provide the appropriate means and personnel for the execution of the Trials, except for such tests foreseen in Annex B to be performed during the warranty period. The Purchaser shall make available the officers and crew assigned for the Submarines for assistance during SATs, if available and if requested by the Contractor.

7. Acceptance Tests and Trials carried out after the delivery of the Submarines as per above paragraphs 4 and 5 or otherwise agreed shall be conducted under the responsibility of the Purchaser. For these Trials on request of the Purchaser the Contractor is required to provide at his expenses the necessary means as foreseen in the relevant agreed test procedures for the execution of the particular Trials, if necessary and the personnel as deemed appropriate by the Contractor for support.

8. Save as for provided in paragraph 14 of the present Article 14, in case that, following a mutual agreement, parts of the Acceptance Tests and Trials of the Combat System or any other test or trial may not be performed prior the delivery of the Submarine, as it is stipulated in this article, the equivalent amount for tests not performed shall be reimbursed to the Purchaser. The Delivery and Acceptance

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Protocol, as per Article 16, shall be signed with the reservation of rights for the respective systems not tested.

9. The Purchaser shall provide or shall arrange the availability at his expense of other naval ships, aircraft, helicopters and targets necessary for the execution of HATs and SATs, which require such availability. Furthermore the Purchaser shall provide the necessary weapons (as set forth in Annex C) for the execution of the relevant Tests and Trials as stipulated in said Annex or as mutually agreed upon.

10. In case of repetition of Tests and Trials because the Submarine didn't meet the performance values, the cost related with the provision of naval ships, aircraft, helicopters and targets as well as the cost for the expenditure of ammunition, fuel and consumables needed for the repetition of tests and trials shall be borne by the Contractor.

11. In case of a torpedo or Encapsulated Harpoon Certification Test Vehicle (EHCTV) loss during a period of agreed SATs, the torpedo or the EHCTV will be replaced at Contractor's cost if the loss of the torpedo or the EHCTV was due to the fault of the Combat System of the Submarine.

12. The Purchaser shall not withhold the signature of the Acceptance Trials Protocols when minor deviations exist and such deviations do not hinder the completion of the basic operation or mission or endanger the safety of the equipment and the personnel. Such deviations, however, shall be rectified by the Contractor within the soonest possible time.

13. Acoustic and magnetic signature tests for Submarines 2, 3 and 4:

In case that after the successful completion of all HATs and SATs for Submarines 2, 3 and 4 and prior their delivery to the Purchaser, there are no facilities in Greece for the execution of the acoustic and magnetic signature tests for the said Submarines, then the following will apply:

13.1. Delivery of Submarine(s) shall be performed to the Purchaser, provided that all other obligations of the Contractor with respect to the Delivery and Acceptance of the relevant Submarine according to the Contract

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have been fulfilled, eventually rest points still to be cleared.. Five (5) days before the delivery of each Submarine the Contractor shall issue and present to the Purchaser a corporate "Payment Guarantee Letter" fifteen percent (15%) of the price of the respective Submarine as referred to in Article 5 paragraph 3 hereof. This "Payment Guarantee Letter" will be valid during the whole period of execution of the acoustic and magnetic signatures and will be returned to the Contractor after the successful completion of these tests. These tests must have been concluded within a period of five (5) months after the delivery date of each Submarine. After this five (5) month period, in case the tests have not been performed, the Payment Guarantee Letter shall be returned to the Contractor. -

13.2. In the warranty period of Submarines, as per Article 17, the time needed for the execution of these tests shall be added.

13.3. All the stipulations of the Contract shall apply with the reservation of the following subparagraph.

13.4. In case that the stipulations of Article 26 apply, then the subject shall be addressed for final decision to the arbitration as per Article 28.

14. The Parties expressly state, recognise and agree hereby that no other Acceptance Tests and Trials are necessary for Submarine 1, which is ready for Acceptance in accordance with Article 16 of this Contract as this was confirmed by BWB with its letter of 22 October 2008, which is attached hereto as Annex R. The Acceptance of Submarine 1 by the Purchaser shall be concluded the latest by EDCA subject to the sole condition of BWB reconfirming its letter of 22 October 2008. After Acceptance of the Submarine 1 the STW of the weapons system of the said Submarine shall be conducted in the Greek territorial waters. Any defects which might arise in the course of such STW shall be treated in accordance with Article 17.

15. The Purchaser shall procure that the appropriate regulatory framework governing the terms and conditions of the performance of SATs of Submarines 2, 3 and 4 in Greek territorial waters shall be enacted the latest sixty (60) Days prior to the commencement of SATs for Submarine 2. To this effect the Contractor shall notify in

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writing the Purchaser ninety (90) Days before the scheduled date for commencement of SATs for Submarine 2. In case of failure of the Purchaser to enact such appropriate regulatory framework within the aforementioned period, then the Contractor shall be entitled to an extension of the delivery period(s) provided for in Article 24 paragraphs 1.2-1.4 of this Contract by one (1) Day for each Day after the lapse of the aforementioned period for which the failure of the Purchaser to enact the appropriate regulatory framework for the SATs of Submarines 2, 3 and 4 persists. In case such failure of the Purchaser persists for more than ninety 90 days after the receipt by the Purchaser of the above notice of the Contractor for the commencement of the SATs for Submarine 2, the SATs for the said Submarine shall be deemed as completed. The above shall apply mutatis mutandis with respect to the SATs for Submarines 3 and 4.

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ARTICLE 15

PERFORMANCE OF THE SUBMARINES

1. The performance of the Submarines shall be in accordance with the requirements laid down in Annex B of this Contract. This Annex B prevails over the other Annexes, as stipulated in paragraph 10 of the Article 35.

2. Detailed quantitative values for evaluating the performance or the status of the Submarine are specified in Annex B, as follows:

2.1. Platform

Metacentric Height

Stability Height

Reserve of Buoyancy

Diving Test Depth

Maximum Submerged Speed, Battery

Maximum Submerged Speed, Fuel Cell

Maximum Submerged Speed, Mast Operation

Maximum Surface Speed, Diesel

Maximum submerged cruising range with battery

Submerged cruising range with Fuel Cell

Tactical indiscretion rate (1st case – 8%)

Tactical indiscretion rate (2nd case – 12,5%)

Tactical diameter

Environmental conditions

2.2. Signatures

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