

Water-borne Noise

Magnetic Signature

Transient Noise

Cavitation

2.3. Combat System

3. Computation, simulation tests and/or trials may be carried out as specified in Annex A of this Contract in order to prove that the performance, or the status of each individual system and - where applicable - the Submarine as a combined system (including GFM systems) - is in compliance with the requirements as specified in Annexes A and B.

4. In case of failure of any system to meet the Technical Specification as per Annex A, the Contractor will exercise all available remedies to obtain identification and correction of malfunction and correction or replacement of faulty equipment, for GFM Article 21 applies.

5. If the performance values of Submarines have not been reached then Articles 25 and/or 26 (if applicable) shall apply.

ARTICLE 16

DELIVERY AND ACCEPTANCE PROCEDURES

1. The Parties agree that following the terms set forth in the Framework Agreement no other tests and trials for the Submarine 1 are necessary for the Acceptance of the said Submarine upon EDCA. The Submarine 1 as first of its class is considered proven in all relevant aspects and represents therefore a proven design. Upon EDCA the Submarine 1, fitted out, ready for service, clean painted and safely moored, will be accepted and taken over and a Delivery and Acceptance Protocol as per Annex N, Appendix 1 shall be issued and duly signed by the Purchaser, certifying that the Submarine 1 has been built in accordance with this Contract under the sole condition of BWB renewing its confirmation letter of 22 October 2008. This Protocol will contain a declaration of warranty by the Contractor that the Submarine 1 is delivered free and clear of any liens, claims, mortgages or other encumbrances upon the Submarine 1 and all of its components. At the time of delivery, the Contractor shall hand over to the Purchaser such certificates as stipulated in this Contract.

2. For Submarines 2, 3 and 4 after the successful completion of all Factory, Harbour and Sea Acceptance Tests and Trials (FATs, HATs, SATs), except such tests foreseen to be performed during the warranty period as per Annex B, to demonstrate the conformity of the Submarine with this Contract, the said Submarine completely fitted out, ready for service, clean painted and safely moored shall be accepted by the Purchaser's Acceptance Committee, and a Delivery and Acceptance Protocol as per Annex N, Appendix 2 shall be issued and duly signed by the Contractor and the Purchaser's Acceptance Committee, certifying that the said Submarine has been built in accordance with this Contract. This Protocol will contain a declaration of warranty by the Contractor that the said Submarine is delivered free and clear of any liens, claims, mortgages or other encumbrances upon the Submarine and all of her components. At the time of delivery, the Contractor shall hand over to the Chief of the Inspectors the certificates stipulated in this Contract.

3. Minor deviations from the agreed performance data or deficiencies which will not adversely affect the function of the Submarine shall not hinder the acceptance of

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the Submarine but shall be rectified as to be agreed in the relevant Delivery and Acceptance Protocol as per Annex N, Appendix 2 of this Contract.

4. Without prejudice to the provisions of paragraph 1 of Article 7, the full ownership including the risk of the Submarine shall be transferred to the Purchaser at the time of issuance and lawful signature of the Protocol of Delivery and Acceptance.

5. The Contractor shall procure that there will be a "Pre-Transit Period" at the Main Subcontractor's premises for the Submarine 1 of not more than fourteen (14) Days commencing with the Day following delivery and acceptance of the Submarine 1 by the Purchaser as well as the end of the pier and sea training, provided within this Pre Transit Period all such remaining items as have been agreed as per the Delivery and Acceptance Protocol as per Annex N, Appendix 1 of this Contract to be rectified prior to departure of Submarine 1, have been rectified.

6. Until the expiration of the Pre-Transit Period, the Contractor may assist the Purchaser through the Main Subcontractor, if requested, to procure supplies or replace consumables required by the Purchaser for transit of the Submarine 1 to Greece provided, however, that the Purchaser shall be required to submit to Main Subcontractor via the Contractor one or more separate purchase orders obligating the Purchaser to reimburse Main Subcontractor via the Contractor for the cost of procuring such requested supplies or consumables.

7. The duration of the "Pre-Transit Period" at the Contractor's premises for Submarines 2, 3 and 4 will be mutually agreed between the Purchaser and the Contractor and will be specified in the relevant Delivery and Acceptance Protocol of above paragraph 2 for said Submarines.

8. The Contractor may perform warranty work on the Submarines during the respective Pre-Transit Periods.

9. The Purchaser will remove the Submarines from the premises of the Contractor or the Main Subcontractor for Submarine 1 on or before expiration of the relevant Submarine's Pre-Transit Period.

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ARTICLE 17

WARRANTY

1. The warranty for each Submarine shall apply as follows:

1.1. The warranty period for Submarine 1 is thirty six (36) months starting from the date of the BWB letter of October 22, 2008 which is attached hereto as Annex R. Furthermore the Contractor shall transfer to the Purchaser the existing warranties for those systems or equipment or items of the Submarine 1 which are warranted by his subcontractors for a period lasting more than twelve months. Within this warranty period of twelve months the Contractor is responsible to remedy at his expenses any defects caused by unsatisfactory workmanship or defective materials. This includes to investigate the root cause of the defect or deficiencies and to ensure that the said root cause shall not occur in the respective systems or equipment in the Submarine again. The Purchaser shall allow unhindered examination and remedy of the defective part and the root cause of the defect or deficiency. The warranty does not cover any defects or deficiencies due to normal wear and tear, wrong or negligent handling and/or maintenance, acts of God and wrong handling of third parties nor replacement of consumable items and the GFM.

1.2. The warranty period for the works of construction of Submarines 2, 3 and 4 is eighteen (18) months starting from the commencement of SATs for each of the respective Submarine but shall not be less than twelve (12) months starting from the scheduled date for their delivery as provided for in paragraphs 1.2 – 1.4 of Article 24 hereof. Furthermore the Contractor shall transfer to the Purchaser the existing warranties for the systems or equipment or items of the Submarines 2, 3 and 4 as received by way of assignment from his subcontractors and suppliers. Such warranties shall apply then in favour of the Purchaser who shall be vested with all rights and claims against the respective subcontractor/supplier under the terms and conditions of each such warranty. The commencement of the warranty period for Submarines 2, 3 and 4 shall be extended for as long as the delivery of each of these Submarines is

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delayed for reasons attributable to fault of the Contractor. Within this warranty period the Contractor is responsible to remedy at his expenses any defects caused by unsatisfactory workmanship. This includes to investigate the root cause of the defect or deficiencies and to ensure that the said root cause shall not occur in the Submarines 2, 3 and 4 again. The Purchaser shall allow unhindered examination and remedy of the defective part and the root cause of the defect or deficiency. The warranty does not cover any defects or deficiencies due to normal wear and tear, wrong or negligent handling and/or maintenance, acts of God and wrong handling of third parties nor replacement of consumable items and the GFM.

2. The warranty period of systems, equipment or items of the Submarines repaired or replaced under the conditions of the respective warranties provided for in paragraphs 1.1 and 1.2 of this Article, shall be extended and this prolongation shall be equal to the time they cannot be used in service.

2.1. The Contractor's obligation in case of warranty shall be, at the Contractor's option, to promptly repair or provide replacement parts of the defect item. In case a replacement cannot be performed by the submarine's crew it shall be carried out by the Contractor.

2.2. This warranty is subject to receipt by the Contractor of a written notice of the defect, promptly given, in accordance with the procedure as provided for in Annex O upon such defect coming to the attention of the Purchaser and a receipt by the Contractor of such notice in no case beyond the warranty period as applicable.

3. In case that any system, equipment or item becomes inoperative for reasons covered by warranty as per paragraphs 1.1 and 1.2 of this Article more than once while under warranty, the warranty period of same is extended by six (6) months after the expiration of the warranty period, as stated in paragraphs 1 and 3 above.

4. When during the time of warranty and for reasons within the responsibilities of the Contractor as defined in this Article 17 a Submarine becomes out of operation for an accumulated period of more than three (3) months without calculating out-of-

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operation periods up to five (5) Working Days, the time of warranty will be extended for the period which will be above the accumulated three (3) months. For purposes of this paragraph 4 "out-of-operation" period shall mean the period by which the Submarine is out-of-operation by official written order. A copy of such written order will be shown to Contractor's Warranty Engineer.

5. In case a warranty claim can only be remedied at a ship repair facility the Purchaser and the Contractor shall agree to bring the Submarine to the Main Subcontractor's yard, to execute the necessary warranty repairs made there, or have the same made at Contractor's yard or at the Purchaser's Naval Bases, or any other Mediterranean or European ports, selecting the most time and cost efficient alternative. In the three latter cases the Contractor shall reimburse the Purchaser the cost of making such repairs.

6. In case when, due to the execution of warranty works, the evacuation of the Oxygen and/or Hydrogen tanks is necessary, the cost for the refilling of same will be paid by the Contractor.

7. With respect to the settlement of warranty claims the necessity for the employment of specialists shall be mutually agreed with the Warranty Engineer mentioned in paragraph 11. These mutual agreements shall be based on local facilities and capabilities. When performing warranty work the Contractor may request the Purchaser to make Base Spare Parts available, to the Contractor's personnel on a loan basis.

In case the Contractor fails to diligently attend to any Purchaser's warranty claim under this Article 17 within a period of thirty (30) Days from receipt of the relevant warranty form, then the Purchaser shall be entitled a) to have the defect remedied by the respective manufacturer / supplier and the Contractor shall reimburse the Purchaser for any cost reasonably incurred thereby or b) in case the Main Subcontractor is the manufacturer / supplier of the item being subject to such warranty claim the warranty period for such item in addition to what is stated in this Article 17 shall be extended by the period between Main Subcontractor's receipt of

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Purchaser's relevant warranty form up to the repair of the item or receipt of the repaired replacement part.

8. The Contractor undertakes to cover the expenses of:

8.1. Transportation, freight, insurance and repair of those defective equipment or items under the warranty terms of this Contract sent by the Purchaser to the Contractor or his subcontractors and vice-versa.

8.2. Transportation, freight and liability insurance for forwarding to the Purchaser in accordance with INCOTERMS 1990 and returning to the Contractor or his subcontractors, all required special devices necessary for the troubleshooting and repair of a damaged equipment.

8.3. Employment of specialists in case such employment has been agreed in accordance with paragraph 7 above.

9. During the warranty period the Contractor is to furnish the Purchaser all repair or replacement items in the shortest reasonable possible time.

10. The warranties, obligations and liabilities expressly mentioned under this Contract are exclusive and shall constitute the sole liability of the Contractor under this Article; in no case shall the Contractor have any obligation or be liable for consequential, direct or indirect damages, except as specifically provided for in this Article.

11. The Contractor shall make available, at his own expenses (and procure that the Main Subcontractor will do likewise in respect of Submarine 1), one (1) Warranty Engineer for each Submarine, at the disposal of the Purchaser, from the date of the acceptance of each Submarine until the date of expiration of the warranty period of each Submarine as foreseen in this Article. Procedures concerning the Warranty Engineer are laid down in Annex O. Further necessary procedures in addition to those of Annex O will be established between the Purchaser and the Contractor in due time.

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12. The Purchaser accepts that the above Engineer may board the Submarine while it is operating at sea. In such cases he shall receive facilities corresponding to those of an officer of the Hellenic Navy at no charge.

13. The Contractor accepts to cover all the warranty claims of the Purchaser as they are defined in this Article 17.

14. The Warranty period for the depot spare parts and depot STMTE shall be twelve (12) months from the Date of FOB / FCA delivery or such other delivery as agreed to the Contractor or the Purchaser.

15. The Warranty period for first outfit and onboard spare parts shall be eighteen (18) months from the date of delivery of Submarine to the Purchaser. The Warranty period applicable for onboard documentation shall be sixty (60) months from the date of delivery of Submarine 1.

ARTICLE 18**TRAINING**

The Contractor will arrange training to be provided for the operation and maintenance of the Platform and the Combat System of the Submarines as stipulated in the Article 19 of this Contract.

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ARTICLE 19

INTEGRATED LOGISTIC SUPPORT (ILS)

1. The Contractor shall provide to the Purchaser an INTEGRATED LOGISTIC SUPPORT (ILS) system for the Submarines, as detailed in Bgr 0700 of Annex A of this Contract.

2. The ILS is defined as a disciplined and unified approach, to obtain certain management and technical activities, as elaborated in the following deliverables, which are specified in Annex P.

2.1. Planning and Control

2.1.1. Logistic Base Data

2.1.2. ILS Management

2.1.3. Planing and Analyses

2.2. Material Support

2.2.1. Spare Parts

2.2.2. Special Tools, Measuring and Test Equipment (STMT)

2.2.3. Outfit

2.2.4. Calibration

2.2.5. Rotatable Pool Items

2.2.6. Packing, Handling, Storage and Transportation (PHS&T)

2.2.7. Codification

2.3. Submarine Logistic Information System

2.3.1. Components

2.3.2. Interactive Electronic Technical Documentation (IETD)

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2.3.3. Study to extend the functionality of SLIS to the Logistic Structure of H.N.

2.4. Technical Logistic Documentation

2.4.1. Submarine Management Documentation

2.4.2. System and Equipment Documentation

2.4.3. Maintenance Management Documentation

2.4.4. Drawings

2.5. Training

2.5.1. Training Courses

2.5.2. Additional Training Aids (computer based training)

2.6. Infrastructure (for the support of the Submarines)

2.6.1. Base Upgrading studies

2.6.2. Simulators

The deliverables listed in the above mentioned paragraphs partly constitute options.

The scope of supply and services as to be delivered/rendered is described in Annex P.

3. The training material and training courses, as per paragraph 2.5 shall cover each specified training subject in adequate depth, to enable the trainees to acquire sufficient skills to operate safely and efficiently and maintain successfully the Submarines.

4. The training described in above paragraph 2.5 shall be performed in the facilities and/or on board the Submarines, as specified in Annex A (Bgr 0770), on equipment/systems of the Submarines.

5. Training costs related to implementation and performance of courses including training media and aids as laid down in the relevant specifications as well as support

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in necessary administrative arrangements (including transportation from and to the hotel during the training for Submarine 1 at the Main Subcontractor's and his subcontractor's premises) are included in the Total Basic Contract Price. All other cost such as personal expenses of the trainees (e.g. salaries, travelling / board / lodging / health insurance) shall be borne by the Purchaser.

Owing to the long time which has passed between the initial training and ECDA, the Contractor shall procure that the Main Subcontractor shall perform a refresher course on certain basic systems after ECDA and prior to Submarine 1 departing from Kiel.

6. Details about time, duration, prerequisites, place, training material, maximum number and qualification of the participants and management of each specific training course are outlined in Annex A (Bgr 0770) and will be specified accordingly.

7. Onboard spares and depot spares shall be selected in accordance with the procedure laid down in Annex A Bgr. 0720. The cost for such spare parts is included in the Total Basic Contract Price as per Article 5.2 hereof. When selecting the spares, the Purchaser shall, amongst others take into account the Contractor's recommendations based on information received by Main Subcontractor and always consider availability of budgetary amounts and, in terms of onboard spares also space and weight constraints.

8. The Contractor shall procure for a price of EURO 506.167 per Submarine, which is included in the Total Basic Contract Price, an initial outfit of Submarines' general stores and workshops ("first outfit"). The scope of supply is described in PBS 9, of Annex A. The Purchaser shall comment on the scope of supply thirty (30) months after EDC, in order to implement any required modifications/changes and in order to enable the Contractor to place orders in due time. The whole process shall be executed taking into account the corresponding allocated budget, space and volume constraints, as well as, the operational requirements of the Submarine.

9. The Contractor declares that based also on Main Subcontractor's experience and the mission profile taken into account when tailoring the budget:

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9.1. The spare parts, special tools, measuring and test equipment and outfit intended to be stored on board the Submarines shall be sufficient for onboard maintenance and repair of a forty (40) Days mission.

9.2. The depot spare parts as will be delivered for the Submarines 1, 2, 3 and 4 in aggregate under the Contract shall be sufficient to cover a supply depth and range of two (2) years for three (3) Submarines.

10. In accordance with normal standard practice the Contractor shall require his subcontractors to offer and, if so ordered, deliver spare parts which are compatible in fit and function, during a period of twenty (20) years after delivery of the last Submarine. If, for any reason, spare parts would not be anymore in production then the Contractor undertake to inform the Purchaser, at least one (1) year before the end of production, and consequently assist the Purchaser with proposals for equivalent solution.

11. Codification

The Contractor shall provide to the Purchaser NATO stock numbers where existing for the material to be provided. For the rest onboard and base Spare parts (10.000 line items) codification will be performed by the Main Subcontractor under the responsibility of the Contractor.

ARTICLE 20**GREEK ADDED VALUE (GAV)**

The Parties explicitly state and recognise that the Greek Added Value requirements for Submarines 2, 3 and 4 have been fully achieved as of EDCA and the Purchaser shall issue upon EDCA the relevant certificate.

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ARTICLE 21

GOVERNMENT FURNISHED MATERIAL AND INFORMATION

1. The Purchaser shall deliver to the Contractor, for use in connection with and under the terms of this Contract, the material and information described in Annex C as Government Furnished Material (GFM) with the relevant Documentation and Government Furnished Information (GFI).

2. The GFM and GFI shall be delivered by the Purchaser to the Contractor at the entrance of his shipyard as detailed in Annex C. The GFM and GFI for Submarine 1 may be delivered by the Purchaser through arrangement between the Parties directly to the Main Subcontractor's shipyard. The Contractor shall accept delivery when made and undertakes the unloading and transportation of the material to the job or storage site at his own expense. The Contractor shall take care so that the above shall apply for any GFM and GFI for Submarine 1 to be delivered directly to the Main Subcontractor.

3. The Contractor accepts the delivery times of GFM as laid down in Annex C and agrees, that if followed, the delivery time of each Submarine should be as stipulated in Article 24 of this Contract. The Contractor accepts a grace period of two (2) weeks for late delivery of the GFM / GFI.

4. Should the delivery of GFM and / or GFI be delayed for reasons other than Force Majeure the Contractor shall evaluate the consequences and the overall influence to the time of delivery of the Submarines and the Purchaser has then the right to decide whether to:

4.1. Accept the Submarine with the relevant delay and assume responsibility for the delay and its consequences

4.2. Accept the Submarine on the specified delivery time, as per Article 24 without the delayed GFM / GFI but fitted for. In this case the Purchaser will take over the Submarine as contractually built, but without the GFM, the relevant part of the Contract shall be deemed to be fulfilled and the Contractor will reimburse the Purchaser for the corresponding expenses for man-hours

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work (installation, integration, testing) not performed by adjusting the Total Basic Contract Price accordingly.

4.3. Adopt any other solution proposed by the Contractor to complete the Submarine on the Purchaser's cost.

5. Title of property to all material furnished to the Contractor or to the Main Subcontractor by the Purchaser, shall remain with the Purchaser. Title of property to the Purchaser's material shall not be affected by the incorporation or attachment thereof of any material or property not owned by the Purchaser.

6. The Contractor shall maintain and administer, in accordance with sound industrial practice and to the manufacturers' guidelines, a program for the utilisation, maintenance, protection and preservation of GFM so as to assure its full availability and usefulness for the performance of the Submarines. The Contractor shall take all reasonable steps to comply with all appropriate directions, guidelines or instructions that the manufacturer may prescribe as reasonably necessary for the protection of GFM.

7. The Contractor shall be liable for any loss of or damage to the GFM or for expenses incidental to such loss or damage, where this loss or damage occurred after the delivery to the Contractor or Main Subcontractor of GFM as per paragraph 2 above.

8. The Purchaser may:

8.1. decrease the GFM furnished or to be furnished by the Purchaser under this Contract, or

8.2. substitute other Purchaser owned material for material to be furnished by the Purchaser under this Contract and

8.3. request incorporation of engineering retrofits.

Such decrease, substitution or request shall be considered as a modification requested by the Purchaser and Article 22 of this Contract shall apply.

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9.1. With regard to the GFI received by Contractor and forwarded to the Main Subcontractor, the Main Subcontractor shall notify in writing the Purchaser through the Contractor about any specific missing information promptly but not later than two (2) months after the date of receipt of the GFI at his premises. The Purchaser shall provide the requested information within two (2) months after his relevant notification. Any contractual consequences due to this missing information will be mutually agreed between the Purchaser and the Contractor.

9.2. The GFM/GFI has to be in compliance with the agreed technical specifications and with Annex C. With regard to the GFM received by the Contractor and forwarded to the Main Subcontractor, the Main Subcontractor shall notify in writing the Purchaser through the Contractor about any observation made in connection with the visual inspection performed, promptly but not later than two (2) weeks after the date of receipt of the GFM concerning the condition of the GFM received. Since the actual performance of the GFM shall be verified during the setting to work, or HAT, or SAT activities, the Purchaser is responsible to remedy any failure identified within the shortest time possible in order to avoid any delay or other impact on the Contractor's activities. Any contractual consequences due to the deficient GFM will be mutually agreed between the Purchaser and the Contractor.

10. The Contractor shall identify the interfaces of the GFM with the Submarine's systems and shall make himself aware of the performance requirements of all GFM. If interface conflicts are discovered during setting to work, FATs, HATs and SATs, that adversely affect any individual system's ability to satisfy the GFM integrated performance requirements or the Submarine's systems' requirements as per Annex B and such interface conflicts have not been notified by the Contractor to the Purchaser within a reasonable period of time after having received the respective complete GFM-technical specification from the Purchaser, the Contractor shall take the appropriate measures to remedy the conflicts under his full responsibility.

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11. Upon the delivery of GFM and related GFI in accordance with the requirements of this Contract the Contractor warrants that the installation, integration and testing effort performed by him will not deteriorate the GFM.

ARTICLE 22

MODIFICATIONS

1. The Purchaser may request the Contractor in writing to make modifications to the Technical Specifications of this Contract and the Contractor may agree to carry out such modifications or an accumulation of such modifications, if they are technically feasible. Article 13 shall apply to the implementation of modifications as per this Article 22.

2. In case that the Purchaser wishes to evaluate any price change due to modifications or to changes proposed by the Contractor, the Contractor shall provide to the Purchaser all necessary information to permit the adequate evaluation of the price submitted.

3. The Contractor has the right to continue performance on the basis of the existing technical specifications and the plans until agreement has been reached on such modifications and an AMENDMENT as per Article 35 paragraph 9 to this Contract is effective.

4. The Contractor may implement changes to the Technical Specifications as per Annex A of this Contract found necessary by him to suit local yard conditions and facilities, the availability of materials and equipment, the introduction of improved production methods or otherwise. The approval of the Purchaser on such modifications will be necessary in accordance with the provisions of this Article; such approval will not be unreasonably withheld. For this reason the Contractor will make available all necessary information to the Purchaser in order to obtain his approval.

5. Upon the agreement on a modification the Contractor shall revise accordingly the relevant pages of the Technical Specifications and/or drawings and provide to the Purchaser adequate copies of such revisions. For this purpose the Contractor shall procure the co-operation of the Main Subcontractor.

6. Should any slight deviations from the details shown in the drawings or described in the Technical Specifications, be considered desirable during the progress

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of the production work, the same are to be performed subject to mutual agreement without being considered as modifications.

7. Should modification result in an increase or decrease in price and/or changes in the delivery time, these increases or decreases in price and/or the changes in the delivery time shall be agreed upon in writing via an AMENDMENT as per paragraph 9 of Article 35 of this Contract before execution of such modifications.

ARTICLE 23

FORCE MAJEURE

1. No sanctions are imposed upon the Parties for their scope of actions as described in this Contract and upon the Purchaser for his obligation to deliver the GFM and GFI due to Force Majeure. As cases of Force Majeure can be considered, indicatively the following events:

1.1. General or partial strike involving the discontinuance of the works of the shop or of the factory of the Contractor.

1.2. General or partial fire at the shop or at the factory or at the offices of the Contractor.

1.3. Flood

1.4. Earthquake

1.5. War

1.6. Failure in the supply of electric current or damage of the machinery having been competently ascertained and on the condition that same affects the execution of the Contract by the Parties and verified by the relevant authorities.

1.7. Commercial imports embargo

1.8. Commercial transports lockout (affecting the International Transport Network).

2. In any case of Force Majeure, the inability to perform must be due to reasons beyond the control and not due to fault or negligence of the Party claiming the Force Majeure.

3. The above mentioned events must be reported in writing to the other Party within a revocatory (annulling) time limit of thirty (30) Days as from their manifestation, while in the case of continuation of the above events, the Party must

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report, within the same as herein above period of time, their commencement and their termination and such events must further be certified, by the competent Authorities.

4. Default in performance of any subcontractor of the Contractor or the Purchaser is not considered a case of Force Majeure for respective Party's obligations under this Contract, unless such Party provides evidence to the other Party, that the delay of such subcontractor was due to Force Majeure and had a direct influence on the time of performance of that Party's obligations under this Contract.

5. Thus, in case of Force Majeure according to the definitions of this Article, the Party who has given such notice shall be excused from the performance or punctual performance of its obligations under this Contract for so long as the relevant event of Force Majeure continues and to the extent that such Party's performance is prevented, hindered or delayed and the delivery schedule shall be extended accordingly. The Parties shall meet to establish by mutual agreement the revised delivery date(s) resulting from the Force Majeure.

6. In case two or more reasons of Force Majeure occur simultaneously, then overlapping period will only be counted once.

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ARTICLE 24

TIME AND PLACE OF DELIVERY

1. The Submarines with all equipment and services as specified in Article 2 paragraphs 4.1 and 4.2 will be ready for delivery after successful tests and trials as per this Contract, as follows:

1.1. Submarine 1: upon EDCA, in Kiel.

1.2. Submarine 2: within eighteen (18) months, after the EDCA, in Skaramanga.

1.3. Submarine 3: within twenty eight (28) months, after the EDCA, in Skaramanga.

1.4. Submarine 4: within thirty eight (38) months, after EDCA, in Scaramanga.

2. The Contractor shall deliver the items as set in forth below as follows:

2.1. Onboard spares, tools, measuring and test equipment shall be delivered together with each Submarine.

2.2. First outfit shall be delivered together with each Submarine.

2.3. Onboard documentation as specified in Annex P (BGr. 0760) shall be delivered as stipulated therein.

2.4. Base spares, tools, measuring and test equipment shall be delivered FOB German Seaport and addressed to the Hellenic Naval Base Salamis, Greece at the dates to be agreed upon by the Parties as per the procedures established therefore in Annexes A and P hereto.

2.5. Services (training for Purchaser's crews, warranty engineer, services to Purchaser's personnel at Main Subcontractor's facility, etc.) to be performed under this Contract, shall be performed at the dates specified elsewhere in this Contract and in Annexes A and P.

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2.6. All other deliverables such as drawings, technical manuals, documentation, reports, data and other items, all as required by this Contract, together with each Submarine, unless otherwise specified elsewhere in this Contract, or as agreed from time to time in accordance with Article 22 hereof.

3. The delivery times as per paragraphs 1 and 2 above may be extended as specified in this Contract.

ARTICLE 25

LIQUIDATED DAMAGES

1. Delay in Delivery

1.1. If any of the Submarines 2 or 3 or 4 should not be presented for acceptance due to Contractor's fault within the relevant period stated in Article 24 as revised and/or amended in accordance with the provisions of this Contract, the Contractor shall pay to the Purchaser following a grace period of four (4) months, liquidated damages foreseen in P.D. 284/89. The maximum amount to be paid will not exceed the 4,00% (four percent) of the price of each of Submarines 2, 3 and 4 mentioned in paragraph 3.2, 3.3 and 3.4 of Article 5 respectively.

1.2. If the delivery of any of the Submarines 2, 3 and 4 is so delayed by more than 301 (three hundred and one) Days, the Purchaser and the Contractor shall meet in order to examine the problem. If a solution cannot be mutually agreed within 60 Days, Article 26 shall apply.

2. Technical Deficiencies

If during the relevant Acceptance Tests and Trials any of the below mentioned technical deficiencies should be detected and not remedied by the Contractor until delivery of Submarine or such other time as mutually agreed upon, the Contractor shall pay liquidated damages to the Purchaser as follows:

2.1 Metacentric Height as per Annex B

Decrease of 0 % to 10% of the respective value, as per Annex B

= 0,000%

Decrease of 10,01 % to 20% of the respective value, as per Annex B

= 0,050%

Decrease of 20,01% to 25% of the respective value, as per Annex B

= 0,100%

The above amounts of liquidated damages are not cumulative

2.2 Stability Height as per Annex B

Decrease of 0 % to 10% of the respective value, as per Annex B

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= 0,000%
 Decrease of 10,01% to 15% of the respective value, as per Annex B
 = 0,050%
 Decrease of 15,01 to 20% of the respective value, as per Annex B
 = 0,100%

The above amounts of liquidated damages are not cumulative

2.3 Reserve of Buoyancy as per Annex B

9,501% to 10,000% of surface displacement	0,000%
9,001% to 9,500% of surface displacement	0,010%
8,501% to 9,000% of surface displacement	0,300%

The above amounts of liquidated damages are not cumulative.

2.4 Diving Test Depth as per Annex B

Reduction of Diving Test Depth from 0m to 9,9 m	0,000%
Reduction of Diving Test Depth from 10 m to 24,9 m	1,000%

The above amounts of liquidated damages are not cumulative.

2.5 Maximum Submerged Speed, Battery as per Annex B

Decrease of speed from 0,01 to 0,400 knots	0,0 %
Decrease of speed from 0,41 to 0,600 knots	0,25 %
Decrease of speed from 0,61 to 0,800 knots	0,5 %
Decrease of speed from 0,81 to 1,100 knots	0,75 %

The above amounts of liquidated damages are not cumulative.

2.6 Maximum Submerged Speed, Fuel Cell as per Annex B

Decrease of speed from 0,01 to 0,200 knots	0,000%
Decrease of speed from 0,21 to 0,300 knots	0,250%
Decrease of speed from 0,31 to 0,400 knots	0,500%
Decrease of speed from 0,41 to 0,500 knots	0,800%

The above amounts of liquidated damages are not cumulative.

2.7 Maximum Submerged Speed. Mast Operation as per Annex B

Decrease of speed from 0,01 to 0,250 knots	0,000%
Decrease of speed from 0,26 to 0,500 knots	0,200%
Decrease of speed from 0,51 to 0,750 knots	0,400%
Decrease of speed from 0,76 to 1,000 knots	0,600%

The above amounts of liquidated damages are not cumulative.

2.8 Maximum Surface Speed, Diesel as per Annex B

Decrease of speed from 0,01 to 0,250 knots	0,000%
Decrease of speed from 0,26 to 0,500 knots	0,100%
Decrease of speed from 0,51 to 0,750 knots	0,200%
Decrease of speed from 0,76 to 1,000 knots	0,300%

The above amounts of liquidated damages are not cumulative.

2.9 Maximum submerged cruising range with battery as per Annex B

≥ 1 nm < 10 nm	0,00 %
≥ 10 nm < 20 nm	0,10 %
≥ 20 nm < 30 nm	0,20 %
≥ 30 nm < 40 nm	0,50 %
≥ 40 nm < 50 nm	0,90 %

The above amounts of liquidated damages are not cumulative.

2.10 Submerged cruising range, with Fuel Cell as per Annex B

≥ 1 nm < 20 nm	0,00 %
≥ 20 nm < 40 nm	0,20 %
≥ 40 nm < 60 nm	0,40 %
≥ 60 nm < 80 nm	0,60 %
≥ 80 nm < 100 nm	0,80 %
≥ 100 nm < 120 nm	1,00 %

The above amounts of liquidated damages are not cumulative.

2.11 Tactical indiscretion rate (1st case) as per Annex B increase by

From 0,001 % to 0,200 %	0,00 %
From 0,201 % to 0,250 %	0,25 %
From 0,251 % to 0,500 %	0,50 %
From 0,501 % to 0,750 %	0,75 %
From 0,751 % to 0,999 %	1,00 %

added to the specified value as per Annex B

The above amounts of liquidated damages are not cumulative.

2.12 Tactical indiscretion rate (2nd case) as per Annex B increase by

From 0,001 % to 0,200 %	0,000 %
From 0,201 % to 0,250 %	0,250 %
From 0,251 % to 0,500 %	0,500 %
From 0,501 % to 0,750 %	0,750 %
From 0,751 % to 0,999 %	1,000 %

added to the specified value as per Annex B

The above amounts of liquidated damages are not cumulative.

2.13 Tactical diameter as per Annex B increase by:

From 0,100 to 0,175 boat lengths	0,100 %
From 0,176 to 0,250 boat lengths	0,150 %
From 0,251 to 0,499 boat lengths	0,200 %

added to the specific value as per Annex B

The above amounts of liquidated damages are not cumulative.

2.14 Environmental conditions as per Annex B

From 0,501 % to 0,85 %	0,000%
From 0,851 % to 1,000 %	0,100%

The above amounts of liquidated damages are not cumulative.

2.15 Water-borne Noise as per Annex B

If the average radiated noise level **broad band** as per Technical Specification, Building Group 0026.03 Fig. 1 and 2 measured and evaluated as set forth in Building Group 0459.2.1 is not reached and curve established therein is exceeded by mean of:

Silent/Quiet condition (4 kn) according to PBS0, Bgr 0026.3 (Battery/FC)	
By more than 4 dB to 8dB	0,5%
By more than 8 dB to 12 dB	1,0 %

Patrol/Cruising condition (6 kn) according to PBS0, Bgr 0026.3	
By more than 6 dB to 10 dB	0,5%
By more than 10 dB to 12 dB	1,0 %

Snorkelling condition (4 kn) according to PBS0, Bgr 0026.3

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By more than 2 dB to 8dB	0,5%
By more than 8 dB to 12 dB	1,0 %

The amounts are not cumulative, however each of the three operation conditions as defined in Building Group 0026.3 shall be considered.

If the radiated noise **narrow band** as per Technical Specification, Building Group 0026.03 measured and evaluated as set forth in Building Group 0459.2.1 is exceeded as follows:

Silent/Quiet condition (4 kn) and Patrol/Cruising condition (6 kn):

By more than five spikes, but not more than seven spikes with more than 5 dB but not exceeding 14 dB above the limit curve, or alternatively more than four spikes, but not more than eight spikes with more than 2 dB, but not exceeding 6 dB above the limit curve: 0,2%

By more than eight spikes, but not more than ten spikes with more than 5 dB but not exceeding 14 dB above the limit curve, or alternatively more than nine spikes, but not more than fourteen spikes with more than 2 dB, but not exceeding 6 dB above the limit curve: 0,5%

Snorkelling condition (4 kn):

By more than two spikes, but not more than four spikes with more than 5 dB but not exceeding 14 dB above the limit curve, or alternatively more than three spikes, but not more than eight spikes with more than 2 dB, but not exceeding 10 dB above the limit curve: 0,2%

By more than four spikes, but not more than eight spikes with more than 5 dB but not exceeding 14 dB above the limit curve, or alternatively more than eight spikes, but not more than fourteen spikes with more than 2 dB, but not exceeding 6 dB above the limit curve: 0,5%

The amounts are not cumulative, however, each of the three operation conditions as defined in the Building Group 0026.3 shall be considered.

For the purpose of calculating Liquidated Damages hereunder, in case of spikes of different excess values occurring in combination, the following shall be considered:

A spike in excess of 5 dB, but not in excess of 10 dB shall be equivalent to two spikes in excess of 2 dB, but not exceeding 5 dB.

2.16 Magnetic Signature

The calculation of the magnetic signature, according to the definition of the German Navy Testcenter, for the degaussing system (HDW NATO secret letter dd. 01.02.1999) showed a 100 % value A for the untreated boat at a distance of 8,7 m from the hull and calculated for the Hellenic Sea area. The

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expected value for the depermed Submarine shows a decreased value of 33 % of the value A.

If during the measurement the measured values after deperming treatment do not reach the contractual values, according to the procedures of the German Navy Testcenter the following Liquidated Damages shall apply:

From	0 to 0,3 μ T	0%
	>0,3 to 0,5 μ T	0,1%
	>0,5 to 0,7 μ T	0,3%
	>0,7 to 1,0 μ T	0,5%

The above amounts of liquidated damages are not cumulative.

2.17 Transient Noise

By more than twelve spikes, but not more than fifteen spikes with more than 5 dB but not exceeding 12 dB above the limit curve, or alternatively the arithmetic average is more than 2 dB but not more than 6 dB above the limit curve: 0,5%

By more than sixteen spikes, but not more than eighteen spikes with more than 5 dB but not exceeding 12 dB above the limit curve, or alternatively the arithmetic average is more than 6 dB but not more than 10 dB above the limit curve: 1,0%

The above amounts of liquidated damages are not cumulative.

2.18 Cavitation

Cavitation occurs at speed less than the specified value as per Annex B.

Reduction by 0,0 kts up to 1,0 kts	0%
Reduction by more than 1,0 kts up to 1,5 kts	0,2%
Reduction by more than 1,5 kts up to 2,0 kts	0,4%
Reduction by more than 2,0 kts up to 2,5 kts	0,6%
Reduction by more than 2,5 kts up to 3,0 kts	0,8%
Reduction by more than 3,0 kts up to 3,5 kts	1,0%

The above amounts of liquidated damages are not cumulative.

2.19 Combat System

Accuracy Criteria of Submarines' Sensors.

If the measured accuracies values for the sensors of the Submarines do not reach the values as laid down in Appendix 1 to Annex B of this Contract the

following liquidated damages shall apply for the Steps 1 to 3 which are in detail laid down in Annex E of this Contract:

for Step 1 0,1%
 for Step 2 0,2%
 for Step 3 0,3%

The above amounts of liquidated damages are not cumulative.

3. The liquidated damages as per above paragraphs 1.1, 1.2 and 2.1 through 2.19, shall be calculated as percentages on the prices of the Submarines 2, 3 and 4 as per Article 5, paragraphs 3.2, 3.3 and 3.4 respectively.

4. If more than one case entailing such liquidated damages shall occur, these liquidated damages shall be payable cumulatively.

5. The total amount to be paid for liquidated damages shall not exceed 11% (eleven percent) of the aggregate of the prices for the Submarines 2, 3 and 4 in accordance with Article 5, paragraphs 3.2, 3.3 and 3.4 respectively.

6. Payment of liquidated damages as provided for in this Article 25 shall be the Contractor's sole liability.

ARTICLE 26

REJECTION

1. The Purchaser has the right to reject each of the Submarines 2, 3 and 4 before the acceptance of each of them:

- in any two (2) of the following cases as per paragraphs 1.1 to 1.18 where such case is identified as Category 2 (not vital)
- in any one of the following cases as per paragraphs 1.1 to 1.18 where such case is identified as Category 1 (vital) or;
- in each case of 1.19.1, 1.19.2, 1.19.3,

provided they have been established by the Purchaser's Inspectors and in case of objection by the Contractor, by decision of arbitration, according to Article 28.

	Category
1.1. Metacentric Height	1
1.2. Stability Height	1
1.3. Reserve of Buoyancy	2
1.4. Diving Test Depth	1
1.5. Maximum Submerged Speed, Battery	1
1.6. Maximum Submerged Speed, Fuel Cell	1
1.7. Maximum Submerged Speed. Mast Operation	2
1.8. Maximum Surface Speed, Diesel	2
1.9. Maximum submerged cruising range with battery	2
1.10. Submerged cruising range, with Fuel Cell	1
1.11. Tactical indiscretion rate, 8% (1 st case)	1

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1.12. Tactical indiscretion rate, 12.5 % (2 nd case)	1
1.13. Tactical diameter	2
1.14. Environmental conditions	1
1.15. Water-borne Noise	1
1.16. Magnetic Signature	2
1.17. Transient Noise	1
1.18. Cavitation	1

The right to reject each of the Submarines 2, 3 and 4 in accordance with paragraph 1.1 to 1.18 of this Article shall be available and may be exercised in case the values actually measured are worse than those, for which the highest amount of Liquidated Damages as identified in Article 25 would be applicable, and the Contractor's efforts in order to improve such values towards a level, being at least within the range in which liquidated damages are provided for, have failed.

1.19. Combat System

The right to reject each of the Submarines 2, 3 and 4 in accordance with paragraph 1.19 of this Article shall be applicable in case that:

1.19.1. the values actually measured during Acceptance Trials concerning the verification of the sensors and TMAs accuracy are worse than those for which the highest amount of liquidated damages are applicable as in Article 25.

1.19.2. the firing of a torpedo should not be successful according to Annex B (Combat System paragraph 5), unless the Contractor proves that this failure is due to the torpedo itself.

1.19.3 after the final calibration of the WES and EHCTV/EH the percentage of the successful launchings, the tolerances being as laid

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down in Annex A, PBS 6241, paragraph 11, is less than 40 % (forty percent) of the total number of launchings (even if such Acceptance Trials are performed during the warranty period).

2. Delivery

The Purchaser has the right to reject any of the Submarines 2, 3 and 4 in case that:

2.1. the contractual delivery time for the respective Submarine as per Article 24 is delayed by more than three hundred sixty (360) Days for reasons due to Contractor's fault.

2.2. The contractual delivery time as per Article 24 is delayed by more than five hundred forty (540) Days as a result of Force Majeure as per Article 23.

3. In case the Purchaser would be entitled to reject any of the Submarines 2, 3 and 4 in accordance with paragraphs 1 and 2 above and Purchaser considers that in spite of any deficiencies the respective Submarine is assumed operational, then the Purchaser has the right either to reject the respective Submarine or to take over the respective Submarine, with a discount mutually to be agreed between the Parties on a case by case basis.

ARTICLE 27

TERMINATION OF THE CONTRACT

1. Reasons for Termination

1.1 Each Party may terminate this Contract or parts thereof as applicable, only pursuant to the provisions of this Article under exclusion of any other reasons.

1.2 **Termination by Purchaser:** The Purchaser is entitled to terminate this Contract in whole by notifying the Contractor in writing in case any of the following events or circumstances applies:

1.2.1 If Contractor dissolves or a final and irrevocable court order is made or an effective resolution passed for the dissolution of the Contractor; or

1.2.2 If Contractor fails to achieve two (2) consecutive milestones in the construction of the Submarines 2, 3 and 4 as these milestones are described in Annex D of this Contract; or

1.2.3 If Contractor is in breach of any of its obligations contained in Article 8 paragraphs 1, 2, 3 and 5 of this Contract and fails to cure such breach within thirty (30) days after receipt of written notice by the Purchaser, specifying the breach and providing for such breach substantial evidence which would be sufficient for initiating penal proceedings as per the respective provisions of Code of Penal Procedure; or

1.2.4 (a) If a change in the ADM's shareholding in the Contractor, which would have the result of reducing ADM's shareholding to less than 50% + 1 of the Contractor's total share capital or voting rights - unless the new shareholder is an affiliate of ADM takes place without the prior consent of the Purchaser; such consent though not unreasonably and/or unjustifiably to be withheld by the Purchaser; or

(b) If ADM disposes up to 24,9% of the Contractor's total share capital or voting rights without first informing the Purchaser. The Purchaser shall have a veto right in this respect, if security issues of the Purchaser are concerned. The Purchaser shall not unreasonably and/or unjustifiably withhold its approval for such disposal; or

(c) If the Contractor fails to inform the Purchaser in respect of a person which is to be appointed as member of the Contractor's Board of Directors ("BoD"), where security issues of the Purchaser are evidently infringed by the proposed nomination and/or change. The Purchaser shall have a veto right in this respect, if security issues of the

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Purchaser are concerned. The Purchaser shall not unreasonably and/or unjustifiably apply its right of veto to the nomination and appointment of BoD members of the Contractor. However, the shareholders of the Contractor must have at any time the freedom to take all the necessary measures to assure a functioning of the BoD in accordance with Greek corporate laws.

(d) If a change in the shareholding of Greek Naval Shipyards Holding SA ("GNSH") in the Contractor, which would have the result of reducing GNSH' shareholding to less than 20% of the Contractor's total share capital or voting rights, takes place without the prior consent of the Purchaser; such consent though not unreasonably and/or unjustifiably to be withheld by the Purchaser; or

- 1.2.5 If at any time Contractor is finally and irrevocably adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or if an administrator, liquidator or administrative or other receiver of it or of all or a substantial part of its property is appointed by a final and irrevocable court order or a final and irrevocable order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law; provided, however, that in the event that Contractor is declared bankrupt or insolvent by a final and irrevocable court ruling or decision, then this Contract shall be deemed automatically terminated one (1) day prior to the issuance of such final and irrevocable court ruling or decision without need for delivery of a written termination notice by the Purchaser.

1.3 **Termination by Contractor:** The Contractor is entitled to terminate this Contract in whole by notifying the Purchaser in writing in case any of the following events or circumstances applies:

1.3.1 Non receipt by the Contractor of two (2) consecutive payments as set out in Article 6 paragraph 2.3 of the Contract for reasons other than due to a default of the Contractor and such delay continues for more than forty five (45) days from the second missed payment date; or

1.3.2 Non receipt by the Contractor of two (2) consecutive payments owed by the Purchaser to the Contractor under Article 6 of the Contract 021B/02 for the Neptune II Program for reasons other than due to a default of the Contractor and such delay continues for more than forty five (45) days from the second missed payment date; in this event the Contractor shall also be entitled to terminate this Contract apart from the Contract 021B/02.

1.4 **Termination for extended Force Majeure:** Either Party shall be entitled to terminate this Contract with respect to the Submarines 2, 3 and 4, by serving

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written notice to the other Party in case of delay due to Force Majeure which is subsisting for a period more than five hundred forty (540) Days.

2 Effect of Termination

2.1 Upon any termination of this Contract pursuant to the terms and conditions contained in paragraphs 1.2, 1.3 and 1.4 of this Article 27, then the Contract shall be terminated wholly with effect:

2.1.1 If the Contract is terminated pursuant to Art. 27 paragraph 1.2.3, from the passing of the 30-day remedy period set out in said Article 27 paragraph 1.2.3 thereof, provided such remedy period passes without full remedy of the breach; or

2.1.2 If the Contract is terminated for bankruptcy or insolvency of the Contractor pursuant to Art. 27 paragraph 1.2.5, as of one (1) Working Day prior to the date of issuance of the final and irrevocable court ruling or decision declaring the Contractor bankrupt or otherwise insolvent without need for delivery of a written termination notice by the Purchaser; or

2.1.3 In every other instance of termination pursuant to Art. 27 paragraph 1.2 (including the causes for termination under paragraph 1.2.5 other than bankruptcy or insolvency), paragraph 1.3 and paragraph 1.4 hereof, the Contract shall be terminated as of the third (3rd) Working Day from delivery of the relevant termination notice; or

2.2 If the Contract is terminated on grounds of extended Force Majeure pursuant to Art. 27 paragraph 1.4 the Contract shall be terminated on the date falling thirty (30) Days after the date of delivery of the relevant termination notice to the other Party.

3 Consequences of Termination

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3.1 In the event that the Purchaser terminates, the following consequences shall apply and shall be implemented by respective acts of the Parties to be performed at the same time:

- 3.1.1 All payments already received by the Contractor and/or the Main Subcontractor up to the time of termination shall be retained by them and not be refunded; in this regard the application of articles 904 et seq Civil Code is explicitly excluded; and
- 3.1.2 Full title, ownership and possession of all undelivered Submarines or designated parts (including any software) thereof being in the possession and ownership of the Contractor shall ipso jure pass and be transferred to the Purchaser; and
- 3.1.3 The Contractor shall promptly give to the Purchaser full access to all items referred to in the above paragraph 3.1.2 at the status they stand as of the time of termination; and
- 3.1.4 The Contractor shall promptly return to the Purchaser all the GFM material received from the Purchaser; and
- 3.1.5 The Purchaser shall be entitled to keep free of any charge the Submarines at the premises of the Contractor for six (6) months. The Purchaser shall be entitled with the consent of the Contractor to contact directly the subcontractors engaged in the construction of the Submarines and agree with them the execution of any required works for the completion of the undelivered Submarine(s) under the sole responsibility of the Purchaser. Such works shall not be conducted at the premises of the Contractor; however the Contractor shall provide free of charge all available means of infrastructure in its premises, such as cranes, ship-lifts, Kamags, for the removal of the undelivered Submarine(s) out of his premises. It is explicitly agreed that any maintenance, storage, removal and any other related activity with regard to the undelivered Submarine(s) or designated parts thereof pursuant to this paragraph shall be at the sole risk, responsibility and

cost of the Purchaser; and

3.1.6 The Purchaser shall return any pending Contractor's guarantee letters within twenty (20) Working Days from the effective date of termination; and

3.1.7 The Contractor shall deliver to the Purchaser or destroy in accordance with NATO standards, if so instructed by the Purchaser, all of the confidential and classified information received by it from the Purchaser and all copies thereof in its possession, power, custody or control at that time and shall not thereafter make use of, disclose, divulge, or exploit such confidential and classified information in any manner whatsoever; and

3.2 In the event that the Contractor terminates the Contract, the following consequences shall apply and shall be implemented by respective acts of the Parties to be performed at the same time:

3.2.1 The Purchaser shall return any pending Contractor's guarantee letters within twenty (20) Working Days from the effective date of termination; and

3.2.2 All payments already received by the Contractor and/or the Main Subcontractor up to the time of termination shall be retained by them and not be refunded; in this regard the application of articles 904 et seq Civil Code is explicitly excluded; and

3.2.3 The Contractor shall promptly return to the Purchaser all the GFM material received from the Purchaser; and

3.2.4 Full title, ownership and constructive possession of all undelivered Submarines or designated parts (including any software) thereof being in the possession and ownership of the Contractor shall ipso jure pass and be transferred to the Purchaser; and

3.2.5 Save for as provided herein above under 3.2.4 and Article 35 paragraph 10, the contractual rights of the Purchaser become null and void. The Purchaser shall be obliged to remove the items referred to in the above paragraphs 3.2.3 and 3.2.4 from Contractor's premises at his expenses and sole risk and responsibility within four (4) months after the effective date of the termination; It is explicitly agreed that any maintenance, storage, removal and any other related activity with regard to the undelivered Submarine(s) or designated parts thereof pursuant to this paragraph shall be at the sole risk, responsibility and cost of the Purchaser; and

3.2.6 The Purchaser shall pay to the Contractor the Total Basic Contract Price less whatever expenses and costs which could effectively be saved due to non-finalisation of the Contract (cancellation of orders and re-allocation of resources); Burden of proof for such expenses and costs lies with the Purchaser. In case of a dispute about the amount to be deducted, the Purchaser shall have the right to appoint a mutually accepted auditor as per paragraph 7 of Article 8. The auditor so appointed shall advise the Purchaser on the amount to be deducted.

3.3 In the event that the Contract is terminated by either Party on grounds of Force Majeure then the following consequences shall apply at the same time:

3.3.1 All payments already received by the Contractor and/or the Main Subcontractor up to the time of termination shall be retained by them and not be refunded; in this regard the application of articles 904 et seq of Civil Code is explicitly excluded; and

3.3.2 The Purchaser shall return any pending Contractor's guarantee letters within twenty (20) Working Days from the effective date of termination save for the good performance guarantee(s) for any delivered Submarine(s); and

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3.3.3 Full title, ownership and possession of all undelivered Submarines or designated parts (including any software) thereof being in the possession and ownership of the Contractor shall ipso jure pass and be transferred to the Purchaser; and

3.3.4 The Contractor shall promptly return to the Purchaser all the GFM received from the Purchaser; and

3.3.5 The Purchaser shall be obliged to remove the items referred to in the above paragraphs 3.3.3 and 3.3.4 from Contractor's premises at his expenses and sole risk and responsibility within four (4) months after the effective date of the termination. It is explicitly agreed that any maintenance, storage, removal and any other related activity with regard to the undelivered Submarine(s) or designated parts thereof pursuant to this paragraph shall be at the sole risk, responsibility and cost of the Purchaser.

4. **Right of retention.** Instead of a termination in accordance with paragraph 1.2.2 of this Article, alternatively the Purchaser shall be entitled to withhold further payments under this Contract until the reasons giving rise to a right of termination have been remedied by the Contractor.

ARTICLE 28

ARBITRATION

1. All disputes or disagreements arising from the execution of or in connection with this Contract shall be amicably settled through negotiations by both Parties.

2. In the event of any dispute or difference between the Parties hereto as to any matter or thing arising out of or relating to this Contract or any stipulation herein which cannot be settled amicably by the Parties within thirty (30) Days, such dispute or difference shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with the said Rules. The place of arbitration shall be Athens, Greece. The language of the arbitration proceedings shall be Greek or English.

3. The decision of the arbitrators shall be final, conclusive and binding upon both Parties thereto, in accordance with the Greek Laws.

4. In case of a dispute or controversy on the interpretation to be given to one or more provisions of the Contract defining a technical requirement such dispute unless solved amicably within thirty (30) Days, may be submitted by either Party to technical mediation as provided for as follows:

4.1. The mediator shall be agreed between the Parties. If the Parties do not reach an agreement for the mediator then the above paragraph 2 shall apply

4.2. Determination by such mediator shall be made within sixty (60) Days and shall be final and binding on both Parties with regard to whether performance in accordance with the interpretation of either Party involves any deviation from the technical requirements of the Contract. If so, the Purchaser may request the Contractor to submit a proposal to reach an agreement, failing which the Contractor shall proceed diligently with the performance of the Contract in accordance with the interpretation confirmed by the mediator.

4.3. The technical mediation shall be performed in Kiel for Submarine 1, in Athens for Submarines 2, 3 and 4, or any other location (wherever favourable

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in view of resolving the dispute in the most efficient way) and shall be conducted on a confidential basis.

5 Unless otherwise directed by the Purchaser, or unless a notice of termination of the Contract has been given in accordance with Article 27, pending the final disposition of any dispute hereunder, the Contractor agrees to proceed diligently with the performance of this Contract, provided that the Purchaser shall pay to the Contractor any amounts due in accordance with the Contract as if no dispute existed, subject to adjustment based on the final disposition of the dispute.

ARTICLE 29

CORRESPONDENCE AND LANGUAGE OF THE CONTRACT

1. This Contract has been drawn in the Greek and English language. In case of any discrepancy between the Contracts the Contract in the Greek language shall prevail.

2. The Annexes have been drawn in the Greek or English language.

3. Software and Documentation shall be in the Greek or English language.

4. Save for as provided in the previous paragraph 3, all correspondence, notices and other documents delivered under this Contract must be in the Greek language or, if not, accompanied by a translation in Greek certified to be accurate; the receiving Party shall be entitled, to assume the accuracy of and rely upon the Greek translation of any document so provided pursuant hereto. Any correspondence between the Purchaser and the Contractor in connection with this Contract shall be addressed as follows:

4.1. Purchaser's address:

Ministry of National Defense

General Directorate of Defense Investments and Armaments

Fakinos Camp, Goudi

Athens, Greece

Tel. +3017466121

Fax. +3017776058

4.2. Contractor's address:

Hellenic Shipyards SA.

Skaramanga Yard

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P. O. Box 3480

10233 Athens, Greece

Tel. +3015578315

Fax. +3015570700,19

ARTICLE 30

SECURITY AND SECRECY

1. The Purchaser and the Contractor shall treat classified information or material passed to them under this Contract, in accordance with the security regulations applicable in Greece.
2. The specifications, drawings, plans, documentation and other information shall be communicated only to these third persons as unavoidably have to be informed for the execution of the Contract. These persons must have the necessary security clearance.
3. The Contractor shall procure that the Main Subcontractor shall treat each classification as established in Annex M in the same manner as the classification corresponding thereto established by the Government of the Federal Republic of Germany (GFRG).
4. The Contractor shall procure that the Main Subcontractor possesses and agrees that at all times during the course of performance of the Contract it will maintain in effect a governmental facility security clearance
5. The Purchaser and the Contractor will certify the security clearance of Contractor's and Purchaser's personnel to the Main Subcontractor's security office prior to their arriving at Main Subcontractor's facilities. Such personnel shall be subject to official German regulations.
6. All of the Main Subcontractor's personnel who are to perform services under this Contract in Greece shall be subject to official Greek regulations.
7. The Purchaser and the Contractor will keep confidential all information whether furnished to them in writing prior to the date of this Contract or after and which is clearly and conspicuously marked as confidential or proprietary. Such information shall be used only for purposes under this Contract.

8. After the completion of the building of the Submarine(s) the Purchaser is entitled to deny entrance to the Submarine(s) to any person(s) not directly involved with the execution of this Contract.

ARTICLE 31

PATENT REPRESENTATION – PATENT INDEMNIFICATION - LICENCE

1.1. In accordance with its contractual arrangements with the Main Subcontractor, the Contractor states and confirms that it is entitled to make use of all patents, patent rights, copyrights or trademarks connected with the construction of the Submarines.

1.2. The Contractor shall procure that the Main Subcontractor shall be responsible for any and all claims against the Purchaser for infringement of the Submarine 1 built by the Main Subcontractor of any German patents, patent rights, copyrights or trademarks in the design, construction, in the use of or in the sale to the Purchaser of the Submarine, as designed and constructed by the Main Subcontractor and the Main Subcontractor shall defend, save and hold harmless and indemnify the Purchaser against all such claims and against all costs, expenses, charges and damages which the Purchaser may be obligated to pay by reason thereof, including expenses of litigation, and reasonable attorney's fees, if any. Furthermore the Contractor shall procure that provided any claim being made against any or all of said parties, the Main Subcontractor and the Purchaser as the case may be, shall notify each other promptly of such claim and also of any suit brought in connection therewith and the Main Subcontractor shall be given an opportunity to defend the same at its expense; and provided further, that no payment on account of any such claim shall be made by the Purchaser unless with the consent of the Main Subcontractor or pursuant to the decree of a competent court or tribunal.

1.3. The Contractor shall procure that the Main Subcontractor shall be responsible for any and all claims against the Purchaser for infringement of the Material Packages or the Submarines 2, 3 and 4 built there from by the Contractor in accordance with the specifications, drawings, documents and data delivered by the Main Subcontractor, of any German patents, patent rights, copyrights or trademarks in the design, construction, in the use of or in the sale to the Purchaser of the Material Packages, as designed and constructed

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by the Main Subcontractor, or Submarines 2, 3 and 4 as so built, and the Main Subcontractor shall defend, save and hold harmless and indemnify the Purchaser against all such claims and against all costs, expenses, charges and damages which the Purchaser may be obligated to pay by reason thereof, including expenses of litigation, and reasonable attorney's fees, if any. Furthermore the Contractor shall procure that provided any claim being made against any or all of said parties, the Main Subcontractor and the Purchaser as the case may be, shall notify each other promptly of such claim and also of any suit brought in connection therewith and the Main Subcontractor shall be given an opportunity to defend the same at its expense; and provided further, that no payment on account of any such claim shall be made by the Purchaser unless with the consent of the Main Subcontractor or pursuant to the decree of a competent court or tribunal.

2. The Contractor shall procure that the Main Subcontractor shall have sole control of the defence of any such claim, suit or proceeding including appeals and of all negotiations for, including the right to effect the settlement or compromise of the claim. In this respect the Purchaser shall provide the Main Subcontractor, with all reasonably available information and authorisation to enable the Main Subcontractor in co-operation with the Purchaser to take all measures the Main Subcontractor deems appropriate and useful.

3. The Contractor shall procure that in case any item delivered by the Main Subcontractor under this Contract is in any such suit held to constitute an infringement as specified in this Article, and its use is enjoined, the Main Subcontractor shall at its option and expense:

- (a) procure for the Purchaser the right to accept, possessing, owning and continue using the item concerned, or
- (b) replace or modify the item so that it becomes non-infringing yet remains functionally and substantially equivalent.

4. The Contractor shall procure that the Main Subcontractor shall, however, not have any liability whatsoever (and shall be entitled to a refund of any expenses in

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connection with defending any claim in accordance with the foregoing provisions) if any infringement or claim thereon is based upon or arises out of:

- (a) the use of material, machinery, equipment and/or software delivered by the Main Subcontractor under this Contract in combination with materials, machinery, equipment and/or software not supplied by the Main Subcontractor, where such infringement would not have occurred without such combination and provided that the infringement was not caused by the Main Subcontractor's material, machinery etc., and/or
- (b) the use of material, machinery, equipment and/or software delivered by the Main Subcontractor under this Contract in a manner for which such materials, machinery, equipment and/or software was not designed or not contemplated pursuant to this Contract for which the Main Subcontractor is not responsible, and/or
- (c) any item and/or software supplied or designed by the Purchaser or any third party on behalf of the Purchaser.

5. Nothing contained in this Contract is intended or shall be construed as transferring any name or patent or trademark rights or tradename or copyright in the Submarine, machinery, equipment or any part thereof or in the design, the Specifications and/or any other document, specification, plan, drawing, list, data etc. in connection with this Contract and/or its execution, and all such rights are hereby expressly reserved to the true and lawful owners thereof.

6 In accordance with their contractual arrangements the Main Subcontractor grants to the Contractor a non-exclusive and non-transferable license to use the Data as disclosed in accordance with this Contract upon the terms and conditions set forth below.

7. The license is limited to the use in construction (including all relating aspects) of three (3) Submarines designated for the Hellenic Navy, to sell and cause to be used and dispose of the three (3) Submarines including spare and replacement parts, all within the Hellenic Navy Program. In no case shall the Contractor design, promote, offer, manufacture or sell submarines or parts or units thereof directly or indirectly

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