

## 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 <sup>3</sup>
- Submerged displacement	1858 m <sup>3</sup>
- 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 <sup>1</sup> 390 nm
- Submerged Cruising Range with FC <sup>1</sup> 1254 nm
- Total Submerged Cruising Range <sup>1</sup> 1644 nm
- Maximum Cruising Range (snorkelling speed 4 Kts). <sup>2</sup> 13200 nm
- Maximum Cruising Range (snorkelling speed 6 Kts). <sup>2</sup> 12800 nm
- Maximum Cruising Range (snorkelling speed 8 Kts). <sup>2</sup> 11750 nm
- Maximum Cruising Range (snorkelling speed 9 Kts). <sup>2</sup> 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.

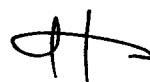
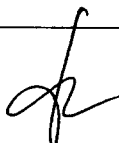
4.4 ILS system as per Article 19.

4.5 Spare parts, tools as per Article 19.

<sup>1</sup> 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

<sup>2</sup> 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.

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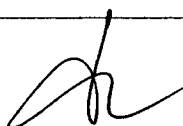
### ARTICLE 3

#### 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.

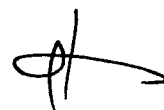
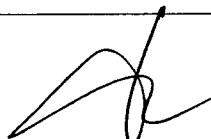
1.3 Furthermore MIL and / or NATO Standards (e.g. STANAG) will be applied as per Annex A.

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

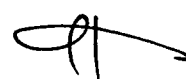
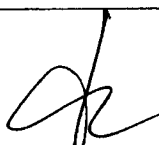
(in words: three hundred seventy seven million six hundred ninety thousand one hundred forty nine)

#### 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:

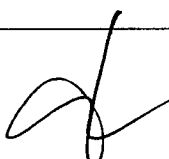
- all Government Furnished Material, Government Furnished Information and services as per Article 21 and Annex C of this Contract,
- naval ships, aircraft, helicopters and targets which may be necessary for the execution of the HATs and SATs that require such availability as per Article 14,
- torpedoes/missiles, 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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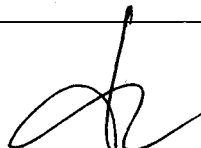


to any income tax withholdings and especially those provided for in article 55 Law 2238/1994 as currently in force.

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:

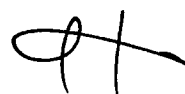
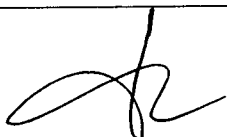
EURO 1.395.300.000

(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)

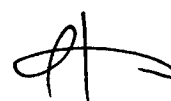

shall be paid on 15 August 2011.

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.

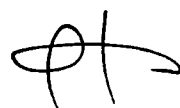
2.3.11 EURO 2.000.000,00

(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

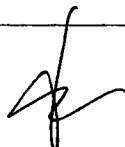
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have the right to suspend its contractual obligations in respect of Contractor's activities under this Contract, until such date, when the payment(s) have been effectively received by the Contractor. The Contractor shall then be entitled to an extension 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.

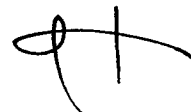
1.2 Such transfer of property shall be free and clean of any liens, claims, mortgages or any encumbrances on the corresponding Submarine and all of its components, which shall be absolutely free of all burdens in the nature of import taxes or charges imposed by the city, or state or of the port of delivery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

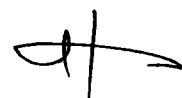
3.2 A corporate letter of guarantee for the good performance of the terms of the Contract, issued by the Main Subcontractor in favour of the Purchaser and representing ten (10%) of the price of the Submarine 1 as per paragraph 3.1 of the Article 5 of this Contract shall be forwarded by the Contractor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

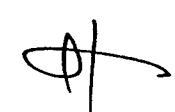
3.6 A corporate letter of guarantee for the good performance of the terms of the Contract, issued by the Contractor in favour of the Purchaser and representing ten (10%) of the price of the Submarine 3 as paragraph 3.3 of the Article 5 of this Contract shall be forwarded by the Contractor to the Purchaser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

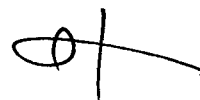
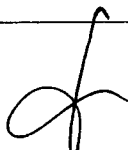
3.10 The Contractor shall be obligated fifteen (15) days prior to expiration to extend the validity of the Good Performance Guarantee in case any of his contractual warranty obligations, including those contained in the Protocol of Delivery and Acceptance is still unfulfilled. The amount of the Good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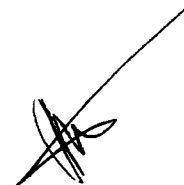


## ARTICLE 8

### 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/ΠΟΛ 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.

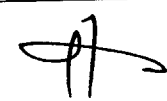
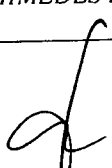
5. The Contractor shall procure that all payments to subcontractors, advisors (to the extent permissible at all) and suppliers in connection to this Contract are made solely through bank accounts maintained with bank branches located and operating within the OECD area as well as in UAE .

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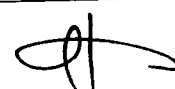
individual to be interviewed in the presence of an independent witness or legal advisor or accountant) Contractor's personnel and management.

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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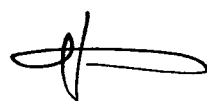
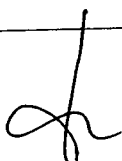


internal standards to enable the Contractor to comply at all times with the applicable Greek and international law with regard to anti-corruption.

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.

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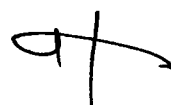
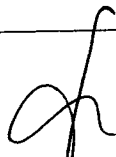


## ARTICLE 9

### 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.

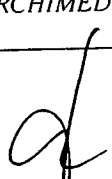
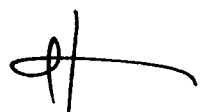
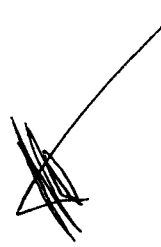
5.2. Should Submarines 2 or 3 or 4 from any cause become or be deemed at any time a constructive, arranged or compromised total loss under the insurance policy, any insurance moneys shall be paid jointly to the Purchaser and the Contractor for reimbursement. Of such moneys the Purchaser shall receive 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

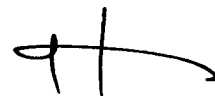
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Disablement: 100.000,00 Euro

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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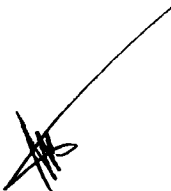
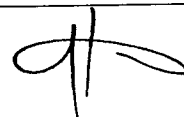
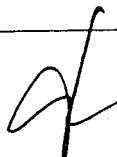


**ARTICLE 10**

**LAW OF THE CONTRACT**

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

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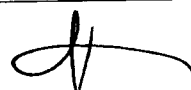


## ARTICLE 11

### 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.

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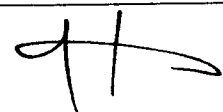
## ARTICLE 12

### 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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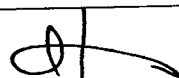


## ARTICLE 13

### 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.

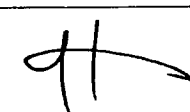
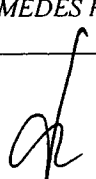
8. In the Contractor's contracts with suppliers / manufacturers of a foreign country to be foreseen that they shall be subjected to, upon request by the Purchaser, Governmental Quality Assurance by a competent authority of their countries.

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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 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).

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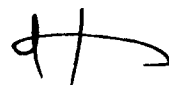


16. The materials and systems of Submarine 2, 3 and 4 that will be built in Greece, as well as the raw materials required for their construction shall be accompanied by Certificates of Conformity issued by the relevant manufacturers. The final products (SUBMARINES) shall be accompanied by the Certificate 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.

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## 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.

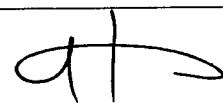
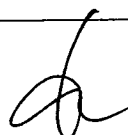
1.2. Harbour Acceptance Trials (HATs) to be conducted at the Contractor's shipyard for Submarines 2, 3 & 4 and at the Main Subcontractor's shipyard for Submarine 1.

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.

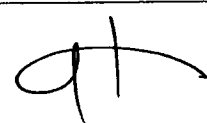
5. Part of Acceptance Trials may be conducted during the warranty period, if mutually agreed upon.

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.

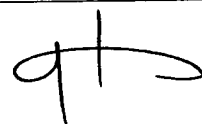
12. The Purchaser shall not withhold the signature of the Acceptance Trials Protocols when minor deviations exist and such deviations do not hinder the completion of the basic operation or mission or endanger the safety of the equipment and the personnel. Such deviations, however, shall be rectified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

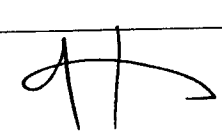
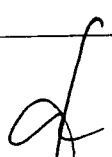
13.3. All the stipulations of the Contract shall apply with the reservation of the following subparagraph.

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.

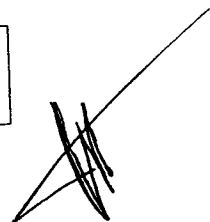
15. The Purchaser shall procure that the appropriate regulatory framework governing the terms and conditions of the performance of SATs of Submarines 2, 3 and 4 in Greek territorial waters shall be enacted the latest sixty (60) Days prior to the commencement of SATs for Submarine 2. To this effect the 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 (1<sup>st</sup> case – 8%)


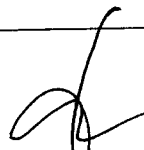
Tactical indiscretion rate (2<sup>nd</sup> case – 12,5%)

Tactical diameter

Environmental conditions

#### 2.2. Signatures

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Water-borne Noise

Magnetic Signature

Transient Noise

Cavitation

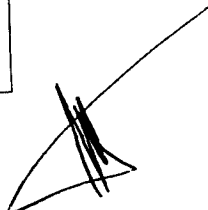
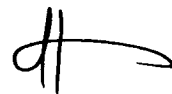
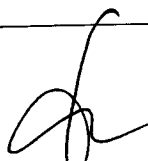
2.3. Combat System

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.

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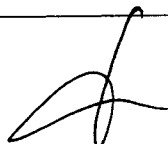


## ARTICLE 16

### 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.

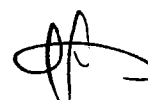
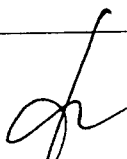
6. Until the expiration of the Pre-Transit Period, the Contractor may assist the Purchaser through the Main Subcontractor, if requested, to procure supplies or replace consumables required by the Purchaser for transit of the Submarine 1 to Greece provided, however, that the Purchaser shall be required 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.

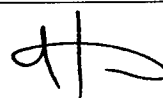
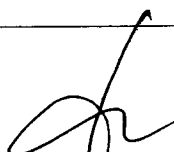
2.1. The Contractor's obligation in case of warranty shall be, at the Contractor's option, to promptly repair or provide replacement parts of the defect item. In case a replacement cannot be performed by the submarine's crew it shall be carried out by the Contractor.

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.

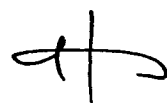
5. In case a warranty claim can only be remedied at a ship repair facility the Purchaser and the Contractor shall agree to bring the Submarine to the Main Subcontractor's yard, to execute the necessary warranty repairs made there, or have the same made at Contractor's yard or at the Purchaser's Naval 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.

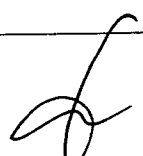
8.3. Employment of specialists in case such employment has been agreed in accordance with paragraph 7 above.

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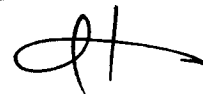
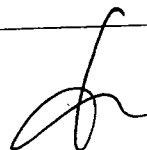
12. The Purchaser accepts that the above Engineer may board the Submarine while it is operating at sea. In such cases he shall receive facilities corresponding to those of an officer of the Hellenic Navy at no charge.

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.

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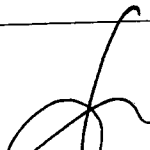


## ARTICLE 18

### 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.

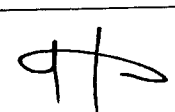
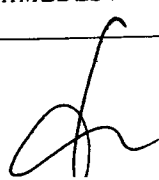
The scope of supply and services as to be delivered/rendered is described in Annex P.

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.

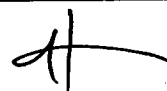
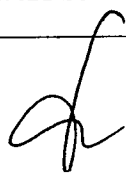
6. Details about time, duration, prerequisites, place, training material, maximum number and qualification of the participants and management of each specific training course are outlined in Annex A (Bgr 0770) and will be specified accordingly.

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.

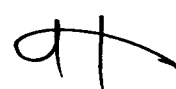
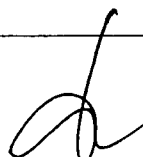
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## ARTICLE 20

### 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:

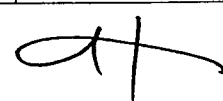
8.1. decrease the GFM furnished or to be furnished by the Purchaser under this Contract, or

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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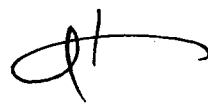
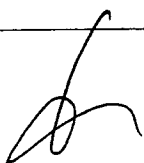


9.1. With regard to the GFI received by Contractor and forwarded to the Main Subcontractor, the Main Subcontractor shall notify in writing the Purchaser through the Contractor about any specific missing information promptly but not later than two (2) months after the date of receipt of the GFI at his 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.

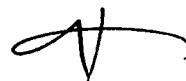
10. The Contractor shall identify the interfaces of the GFM with the Submarine's systems and shall make himself aware of the performance requirements of all GFM. If interface conflicts are discovered during setting to work, FATs, HATs and SATs, that adversely affect any individual system's ability to 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.

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## ARTICLE 22

### MODIFICATIONS

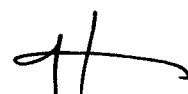
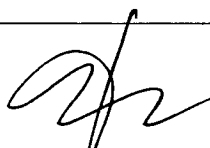
1. The Purchaser may request the Contractor in writing to make modifications to the Technical Specifications of this Contract and the Contractor may agree to carry out such modifications or an accumulation of such modifications, if they are technically feasible. Article 13 shall apply to the implementation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

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## 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.

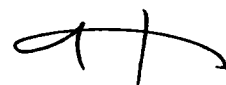
1.7. Commercial imports embargo

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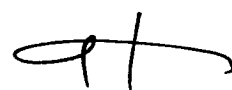
report, within the same as herein above period of time, their commencement and their termination and such events must further be certified, by the competent Authorities.

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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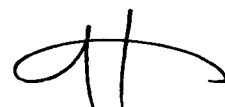


## ARTICLE 24

### 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.

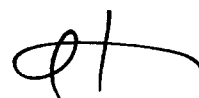
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2.6. All other deliverables such as drawings, technical manuals, documentation, reports, data and other items, all as required by this Contract, together with each Submarine, unless otherwise specified elsewhere in this Contract, or as agreed from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

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## 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%

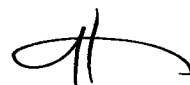
Decrease of 20,01% to 25% of the respective value, as per Annex B  
= 0,100%

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%

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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

$\geq 1$ nm < 10 nm	0,00 %
$\geq 10$ nm < 20 nm	0,10 %
$\geq 20$ nm < 30 nm	0,20 %
$\geq 30$ nm < 40 nm	0,50 %
$\geq 40$ 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

$\geq 1$ nm < 20 nm	0,00 %
$\geq 20$ nm < 40 nm	0,20 %
$\geq 40$ nm < 60 nm	0,40 %
$\geq 60$ nm < 80 nm	0,60 %
$\geq 80$ nm < 100 nm	0,80 %
$\geq 100$ nm < 120 nm	1,00 %

The above amounts of liquidated damages are not cumulative.

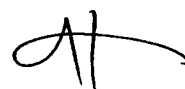
## 2.11 Tactical indiscretion rate (1<sup>st</sup> case) as per Annex B increase by

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.

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2.12 Tactical indiscretion rate (2<sup>nd</sup> 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.

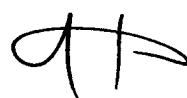
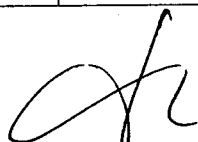
For the purpose of calculating Liquidated Damages hereunder, in case of spikes of different excess values occurring in combination, the following shall be considered:

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 $\mu$ T	0%
	>0,3 to 0,5 $\mu$ T	0,1%
	>0,5 to 0,7 $\mu$ T	0,3%
	>0,7 to 1,0 $\mu$ 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

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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.

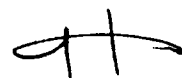
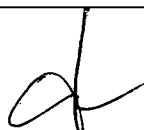
3. The liquidated damages as per above paragraphs 1.1, 1.2 and 2.1 through 2.19, shall be calculated as percentages on the prices of the Submarines 2, 3 and 4 as per Article 5, paragraphs 3.2, 3.3 and 3.4 respectively.

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.

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## ARTICLE 26

### REJECTION

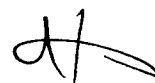
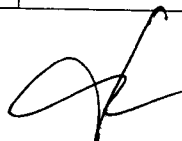
1. The Purchaser has the right to reject each of the Submarines 2, 3 and 4 before the acceptance of each of them:

- 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 <sup>st</sup> case)	1

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1.12. Tactical indiscretion rate, 12.5 % (2 <sup>nd</sup> 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

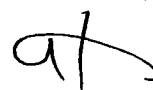
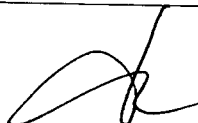
The right to reject each of the Submarines 2, 3 and 4 in accordance with paragraph 1.19 of this Article shall be applicable in case that:

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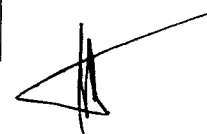
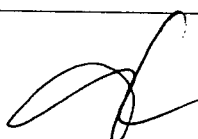
down in Annex A, PBS 6241, paragraph 11, is less than 40 % (forty percent) of the total number of launchings (even if such Acceptance Trials are performed during the warranty period).

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.

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## 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

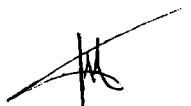
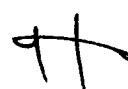
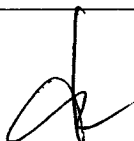
1.2.3 If Contractor is in breach of any of its obligations contained in Article 8 paragraphs 1, 2, 3 and 5 of this Contract and fails to cure such breach within thirty (30) days after receipt of written notice by the Purchaser, specifying the breach and providing for such breach substantial evidence 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.

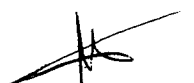
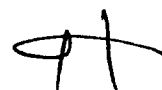
1.3 **Termination by Contractor:** The Contractor is entitled to terminate this Contract in whole by notifying the Purchaser in writing in case any of the following events or circumstances applies:

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

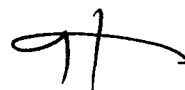
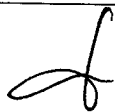
2.1.2 If the Contract is terminated for bankruptcy or insolvency of the Contractor pursuant to Art. 27 paragraph 1.2.5, as of one (1) Working Day prior to the date of issuance of the final and irrevocable court ruling or decision declaring the Contractor bankrupt or otherwise insolvent without need for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

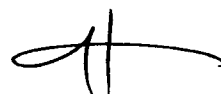
## 3 Consequences of Termination

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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:

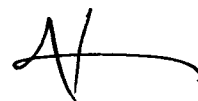
3.2.1 The Purchaser shall return any pending Contractor's guarantee letters within twenty (20) Working Days from the effective date of termination; and

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

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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

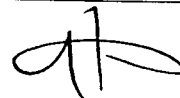
3.2.6 The Purchaser shall pay to the Contractor the Total Basic Contract Price less whatever expenses and costs which could effectively be saved due to non-finalisation of the Contract (cancellation of orders and re-allocation of resources); Burden of proof for such expenses and costs lies with the Purchaser; 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.

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## 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

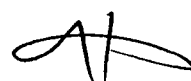
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in view of resolving the dispute in the most efficient way) and shall be conducted on a confidential basis.

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.

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## 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

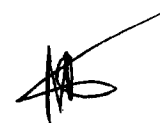
Fax. +3017776058

- 4.2. Contractor's address:

**Hellenic Shipyards SA.**

Skaramanga Yard

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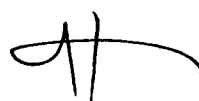
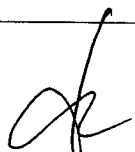
P. O. Box 3480

10233 Athens, Greece

Tel. +3015578315

Fax. +3015570700,19

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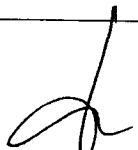


## ARTICLE 30

### SECURITY AND SECRECY

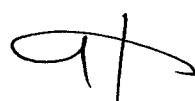
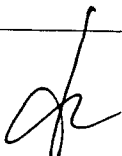
1. The Purchaser and the Contractor shall treat classified information or material passed to them under this Contract, in accordance with the security regulations applicable in Greece.
2. The specifications, drawings, plans, documentation and other information shall be communicated only to these third 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.

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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.

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## ARTICLE 31

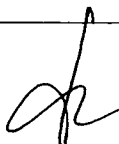
### PATENT REPRESENTATION – PATENT INDEMNIFICATION - LICENCE

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.

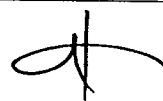
2. The Contractor shall procure that the Main Subcontractor shall have sole control of the defence of any such claim, suit or proceeding including appeals and of all negotiations for, including the right to effect the settlement or compromise of the claim. In this respect the Purchaser shall provide 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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