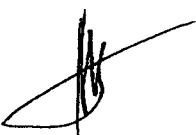
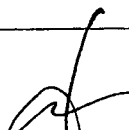


outside the purposes as set out above, making use of the Data and /or any proprietary information contained therein, unless so specifically authorised by the Main Subcontractor.

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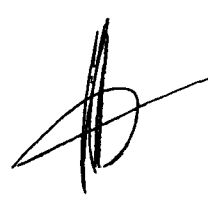
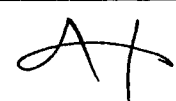
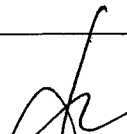
ARTICLE 32

COMING INTO FORCE

1. This Contract had become originally effective on 31.03.2000 when all of the following conditions had been fulfilled (such date herein called the "Effective Date of the Contract" or "EDC"):

- 1.1. This Contract had been signed by the Purchaser and the Contractor.
- 1.2. The related contracts between the Contractor and the Main Subcontractor had been signed.
- 1.3. The offset Contract had been signed by the Purchaser and the Main Subcontractor.
- 1.4. The End User Certificate in the format as per Annex S duly signed by the respective Greek authorities had been received by the Main Subcontractor.
- 1.5. Receipt by the Main Subcontractor of the production permit according to the act on control of war weapons (KWKG).
- 1.6. Issue by the Contractor of the necessary Export Approval.
- 1.7. Signing of the loan Contract concerning the financing of the Project by the Ministry of Finance or provision of necessary funds by any other way from the Ministry of Finance.
- 1.8. Receipt by the Purchaser of a written statement issued by the Main Subcontractor in which the Main Subcontractor declared his knowledge of the Contract.
- 1.9. Receipt by the Purchaser of the relevant advance payment guarantee as in accordance with Article 7 as applicable at EDC.
- 1.10. Receipt by the Purchaser of the Good Execution and Performance guarantee in accordance with Article 7 as applicable at EDC.

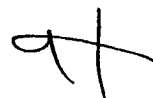
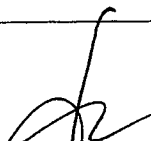
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1.11. Receipt by the Contractor of the first instalment of the Total Basic Contract Price, which was the last of the events of this paragraph 1, which took place for the original effectiveness of this Contract.

2. For the EDCA shall apply the clause 7 of Section F of the Implementation Agreement, integral part of which constitutes the present Contract

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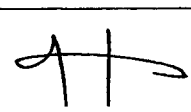



ARTICLE 33

OPTION

By virtue of Amendment no 3 the Purchaser validly exercised the contractually provided option for the procurement by the Contractor of one (1) optional Submarine ("Submarine 4"), the same as Submarines 1, 2 and 3 and the Contractor undertook to build, equip, integrate, complete, test and deliver to the Purchaser the Submarine 4 in accordance with all other articles of this Contract, as amended in order to include the procurement of this Submarine 4.

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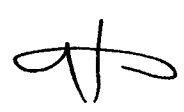
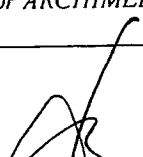


ARTICLE 34

PROGRAM MANAGEMENT

1. The Purchaser shall appoint a duly authorised Party within his organisation for the monitoring of the Contract, on his behalf.
2. During the execution of the part of the Contract related with the design, construction and acceptance tests and trials of Submarine 1, as well as with the construction and factory acceptance tests of package materials manufactured in Germany for Submarines 2, 3 and 4, the representatives of the Purchaser described in para. 1 above, will be present in the Main Subcontractor's premises in Kiel, Germany, and will be part of a Naval Detachment, which will be named Hellenic Naval Detachment of Kiel (HNDK).
3. During the execution of the part of the Contract related with the construction and acceptance test and trials of Submarines 2, 3 and 4 in Greece, the representatives of the Purchaser described in para. 1 above, different than those mentioned in the above paragraph 2, will be present in the Contractor's premises and will be part of a Naval Detachment, which will be named Hellenic Naval Detachment Skaramanga (HNDS).
4. The Head of each Naval Detachment, or his authorised deputy, shall be appointed, in writing, by the Purchaser and their responsibilities are defined as follows:
 - (a) The supervision and execution of any actions to ensure the correct performance of this Contract.
 - (b) The provision of information to the Contractor and the Main Subcontractor, accordingly, as well as the receipt of technical and other information, on their request, regarding this Contract.
 - (c) The approval of changes and modifications to the Technical Specification which do not affect the Submarines' delivery time, contractual prices as per Article 5 of this Contract, and the object of the Contract as per Article 2 of this Contract.

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(d) The provision of approvals and the signature of certificates, reports and other documentation as specified in this Contract.

(e) The coordination of the training of the Purchaser's personnel.

5. The Contractor shall appoint a Project Manager who shall be formally announced to the Purchaser and shall be the Contractor's representative with regards to all elements of this Contract. The Contractor shall procure that the Main Subcontractor shall appoint a liaison person in Kiel for the HNDK personnel.

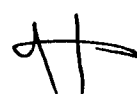
6. For the purpose of proper and satisfactory performance of this Contract, the Purchaser and the Contractor shall hold a series of Program Management Reviews (hereinafter referred to as the "PMR") at six (6) months intervals or such shorter intervals as mutually agreed, to review the performance and progress of the activities under this Contract. The PMR shall be held during the construction of Submarine 1 at the Main Subcontractor's facility and following the delivery of Submarine 1, at the Contractor's facility, or as otherwise agreed.

The PMR shall cover the following subjects:

- (a) progress review including "milestone" events.
- (b) engineering design review.
- (c) production review.
- (d) quality assurance review.
- (e) examination of establishing procedures to insure against sound risk management.
- (f) progress and any remarks on training.
- (g) other issues to be mutually agreed upon.

The details shall be agreed by the Parties in due time.

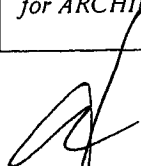
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The Contractor shall present reports for each PMR and shall submit one (1) copy of such PMR to the Purchaser within one (1) month of the completion of the respective PMR. The PMRs shall be signed by the Parties.

7. The personnel delegated by the Purchaser as per paragraph 1 above, is obliged to obey to all security and safety regulations while at the premise of the Contractor and the Main Subcontractor.

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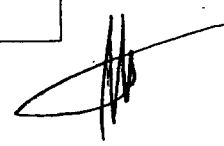
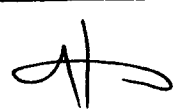
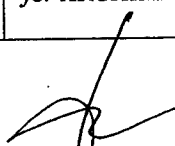


ARTICLE 35

FINAL PROVISIONS

1. The relations between the Purchaser and the Contractor and their actions during the entire execution of this Contract shall be governed by a spirit of good faith and harmonic co-operation.
2. The terms and conditions of this Contract including the Annexes constitute the entire agreement between the Purchaser and the Contractor. They supersede any and all previous communications or commitments, whether oral or written, between the Purchaser and the Contractor.
3. The Contractor's aggregate liability under, arising from and in connection with this Contract shall be limited to an amount equal to eleven percent (11%) of the aggregate of the prices for the Submarines in accordance with Article 5, paragraphs 3.1, 3.2, 3.3 and 3.4. In no case shall the Contractor be liable for any consequential, direct or indirect damages.
4. The warranties, obligations and liabilities expressly mentioned under this Contract are exclusive and shall constitute the sole liability of the Contractor and the Purchaser under this Contract and in no case shall the Contractor and the Purchaser have any obligation or be liable for consequential, direct or indirect damages, except as specifically provided for in this Contract.
5. The Purchaser and the Contractor further agree that the terms of the present Contract may be altered only by virtue of a mutual agreement of the Parties, written and duly signed by their authorised representatives.
6. Deletions, modifications or changes in the present Contract shall be made in the form of written document, explicitly called an "AMENDMENT", dated and signed by both Parties unless included in the text of this Contract and denominated as "OPTIONS". Each of this "AMENDMENTS" shall be numbered consecutively beginning with number 1(one).

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7. If there is any conflict or inconsistency between the Articles of this Contract, the Annexes and the specifications and/or the drawings and other technical documents, then the order of precedence which shall govern the resolution of any conflict or inconsistency is:

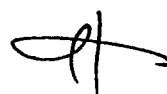
- first, Articles of this Contract
- second, the Annex B
- third, the other Annexes
- fourth, the specifications
- fifth, the drawings
- sixth, all the other technical documents,

with the understanding that the more special or detailed provisions and rules shall supersede the general descriptions covering the same topics.

8. The present Contract comprises the main body, consisting of 35 Articles, and the following Annexes, which, duly initialled by the Parties hereto and attached to the main body, constitute an integral and inseparable text:

- Annex A Technical Specification
- Annex B Performance Data
- Annex C Government Furnished Material and Information (GFM/GFI)
- Annex D Working Progress Milestones
- Annex E Liquidated Damages for Submarine's sensors Accuracies
- Annex F List of Corporate Guarantees to be returned and invalidated
- Annex G Form of Certificate of Transfer of Property
- Annex H Not Used
- Annex I Specimen Performance Guarantee

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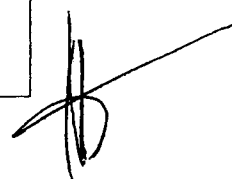
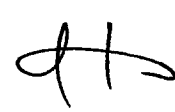
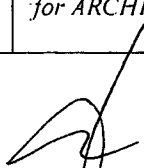


Annex J	Specimen Insurance Cover Note
Annex K	List of Major Subcontractors
Annex L	Not Used
Annex M	Security Classification
Annex N	Appendix 1 - Specimen of Protocol of Delivery and Acceptance for Submarine 1 Appendix 2 - Specimen of Protocol of Delivery and Acceptance for Submarines 2, 3 and 4
Annex O	Warranty Procedure
Annex P	ILS Deliverables
Annex Q	Not Used
Annex R	BWB Letter of October 22, 2008
Annex S	Form of End User Certificate
Annex T	Not Used
Annex U	Not Used
Annex V	Not Used
Annex W	Not Used

9. Any provision hereof that is unlawful or unenforceable, shall be ineffective without affecting any other provision of this Contract. In such case the Parties shall meet without delay to consult each other and try to find an appropriate remedy to the situation and reach agreement thereon as soon as possible, which shall as closely as possible reflect the intent of the original provision.

10. The following provisions of this Contract shall survive the termination, for whatever reason, or the completion of this Contract: Articles 17 (Warranty); 19

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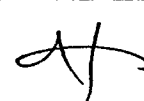
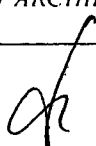


paragraph 10 (ILS); 22 (Modifications); 28 (Arbitration); 30 (Security and Secrecy) and 31 (Patents).

11. The Purchaser shall provide an End User Certificate in the format as per Annex S duly signed by the relevant authorities upon signature of this Contract.

12. The Annexes as listed herein and forming an integral part of this Contract are agreed upon and initialled by the Parties hereto in the Greek or in the English language under the same circumstances.

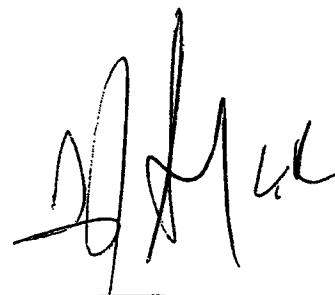
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SECTION B
CONTRACT 012B/00

Annex B

Appendix 2

A handwritten signature in black ink, appearing to be 'J. M. K.', is located in the bottom right corner of the page.

The Purchaser is entitled at his sole discretion and cost to conduct additional reference Acoustic - tests with Submarine 1 (Papanikolis) as provided for in the SAT specification for Acoustic Tests (water-borne and transient noise) using the exact identical parameters, acoustic test range and methods applied for performing these identical SAT Acoustic Tests (water-borne and transient noise) for Submarine 1 (Papanikolis). These additional reference tests for Submarine 1 will be conducted once in the Mediterranean Sea with the participation of the Contractor and the Main Subcontractor and the measured values for Submarine 1 will be stored and will remain as reference acoustic values (the "Reference Acoustic Values") for potential future use, as provided in the following paragraph. In case that the Parties cannot agree on the values as outcome of said test, then article 28 shall apply and the issue shall be submitted to Arbitration.

For each of the Submarines 2 to 4, in case one or more values in the SAT protocol achieved during the execution of the contractual SAT Acoustic Tests (water-borne and transient noise) are worse than the respective standard performance values contained in Annex B and at the same time they are as well worse than the relevant Reference Acoustic Values, then the Reference Acoustic Values shall prevail and will be taken as base reference for liquidated damages evaluation. In this case, the deviation of the SAT protocol acoustic values from the Reference Acoustic Values will be evaluated according to the following:

A. Water-borne Noise

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 2 dB to 4dB 0,5%

By more than 4 dB to 6 dB 1,0 %

Patrol/Cruising condition (6 kn) according to PBS0, Bgr 0026.3

By more than 2 db to 4 dB 0,5%

By more than 4 dB to 6 dB 1,0 %

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

By more than 2 db to 4dB 0,5%

By more than 4 dB to 6 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:

By more than one spike, but not more than four spikes with more than 5 dB but not exceeding 10 dB above the limit curve, or alternatively more than two

spikes, but not more than eight spikes with more than 2 dB, but not exceeding 5 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 10 dB above the limit curve, or alternatively more than six spikes, but not more than fourteen spikes with more than 2 dB, but not exceeding 5 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.

B. Transient Noise

By more than one spike, but not more than three spikes with more than 5 dB but not exceeding 10 dB above the limit curve, or alternatively the arithmetic average is more than 2 dB but not more than 5 dB above the limit curve: 0,5%

By more than three spikes, but not more than six spikes with more than 5 dB but not exceeding 10 dB above the limit curve, or alternatively the arithmetic average is more than 5 dB but not more than 8 dB above the limit curve: 1,0%

The above amounts of liquidated damages are not cumulative.

Paragraphs 2.15 and 2.17 of Article 25 shall be deemed amended accordingly for the respective Submarine 2, 3 or 4 under testing. For the avoidance of doubt, pursuant to Article 35 paragraph 7 of the Contract, this clause is a special provision and shall supersede any other conflicting contractual provisions.

SECTION C

CONTRACT 021B/02

For the mid-life modernization and repair of one (1) Poseidon Class HN Submarine and the construction of two (2) new type 214 Submarines for the needs of Hellenic Navy.

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02

015

1

PREAMBLE

Whereas, the Ministry of National Defence of the Hellenic Republic, Athens, Greece (hereinafter called the Purchaser), is desirous of having modernized and repaired one (1) HN submarine type 209 class Neptune (hereinafter called the Submarine 1) and purchasing 2 new submarines type 214 (hereinafter called Submarines 2, 3) with the associated deliverables and related services (hereinafter called the "Project").

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

Whereas, both the companies Ferrostaal AG in Essen, Germany and Howaldtswerke-Deutsche Werft GmbH in Kiel, Germany for the time period up to the EDCA as defined in article 1 hereof, and solely the company Howaldtswerke-Deutsche Werft GmbH in Kiel, Germany for the time period after the EDCA (hereinafter called the "Main Subcontractor"), in accordance and subject to the terms of the relevant contract with the Contractor will grant the license, provide certain material and all necessary know-how and services to the Contractor in order to enable him to modernize, repair, construct, test and deliver to the Purchaser the Submarines

Whereas, with ΜΟΔ/ΓΔΑ/ΔΠΕ/ΤΝΕ Φ.604.3/217.110/Σ.705/30 May 02/ it has been awarded to the Contractor the procurement of the items mentioned in article 2 of this contract.

Whereas, for the implementation of the Project and all the above the Purchaser and the Contractor originally entered into and signed on May 31, 2002 the present contract (hereinafter called the "Contract"), which was then amended as per article 22 hereof with the Amendments no 1, 2, 3, 4 and 5.

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

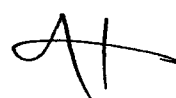
Implementation Agreement	Section C- CONTRACT 021B/02 for NEPTUNE II PROGRAM	Section Page 2 out of 119
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all and any prior agreements or amendments as well as all and any letters, memoranda or any other documents of any type or nature whatsoever executed, signed or entered into prior to the EDCA.

Now therefore,

the Purchaser and the Contractor hereby agree as follows:

<i>Implementation Agreement</i>	<i>Section C- CONTRACT 021B/02 for NEPTUNE II PROGRAM</i>	<i>Section Page 3 out of 119</i>
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Article	7	Guarantees
Article	8	Repair of Submarine 1
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Article	20	Greek Added Value (GAV)
Article	21	Government Furnished Equipment and Information
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Article	29	Correspondence and Language of the Contract
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Article	31	Patent Representation - Patent Indemnification - License
Article	32	Coming into Force
Article	33	Not Used
Article	34	Program Management
Article	35	Final Provisions

ARTICLE 1

DEFINITION OF TERMS

Air Independent Propulsion (AIP)	Means the propulsion, which permits the uninterrupted extended submerged operation of the Submarines, under the specified conditions and for the specified period of time without snorkelling by using the fuel cell system.
Total Basic Contract Price	Means the amount named in Article 5 paragraph 2 of this Contract, subject to additions thereto or deductions there from, as may be agreed under the provisions of this Contract.
Building Documents	The construction drawings, parts lists etc., all as listed in Appendix 1 (Task Group No. 0121) and Appendix 3 of Annex A of the Contract regarding the modernization and construction respectively of the Submarines and being part of the Data.
BWB	Means the German Government, Ministry of Defence Procurement Agency, which by bilateral agreements will assist the Purchaser with the execution of the Contract.
Combat System	Means the integrated system performing the sensor, command and control, fire control, electronic warfare, communication, navigation and weapon control functions.
Data	Means the technical information to be provided for the Contractor's use for the modernization, repair and construction of the Submarines, which can be contained in writings, drawings, pictorial reproductions and other graphic representation, magnetic tape computer memory printout or as retained in computer memory.
Day	Means any day of the week.
Documentation	Means the technical information provided for the Purchaser's

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use for the operation and maintenance of the Submarines as specified in Appendix 1 and Appendix 3 of Annex A of the Contract, Bgr. 0760.

Effective Date of the Contract Means the original Effective Date of this Contract as per Article 32, paragraph 1.

or EDC

Effective Date of the Implementation Agreement or EDCA Means the date that the Implementation Agreement, integral part of which constitutes the Contract, shall become effective as per clause 7 of Section F thereof.

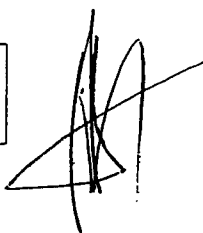
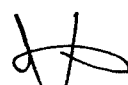
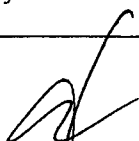
Government Furnished Equipment or GFE Means the hardware, software and documentation pertaining to it (described in detail in Annexes C and C 1 of this Contract), to be supplied by the Purchaser according to the Contract.

Government Furnished Information or GFI Means the information (described in detail in Annexes C and C1 of this Contract), to be supplied by the Purchaser according to the Contract.

Hardware Means the sum of structural, mechanical, electric and electronic components, which are engineered to perform particular technical or operational functions.

Inspectors Means the Purchaser's duly authorised representatives to the Contractor's premises who shall form the Hellenic Naval Detachment of Skaramanga (HNDS).

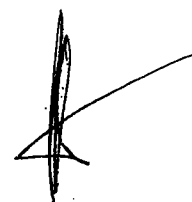

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Know – how	Means factual knowledge and information of technical nature in order to enable the Licensee to make full use of the Data.
License	Means the agreement, where the Licensor extends to the Licensee the right to modernize and repair one (1) Submarine of type 209 Poseidon Class and construct two (2) new Submarines of type 214 in Greece for an exclusive use by the Hellenic Navy, as laid down in Article 31 of this Contract.
Licensee	Means the party to whom the license is granted, i.e. the Contractor.
Licensor	Means the Main Subcontractor who grants the license.
Contract	Means the General Terms as described in the Articles 1 to 35 of the Contract with the Annexes A to W, thereto, which shall be an integral and complete unit in which possible modifications or amendments may be included as they will be agreed between the Parties according to the terms and requirements of these General Terms.
Main Subcontractor	Has the meaning ascribed in the Preamble.
Package Material	Means the Hardware and Software including the Data to be delivered needed for the modernization and construction of the Submarines at Contractor's premises.
Parties	Means both the Contractor and the Purchaser.
Party	Means either the Contractor or the Purchaser.
Contractor	Has the meaning ascribed in the Preamble.

Project	Means the aggregated sum of the activities and responsibilities for the modernization, repair and construction of the Submarines as in detail specified in the Contract.
Purchaser	Has the meaning ascribed in the Preamble.
QAR	Means the Quality Assurance Representative of the Purchaser.
Software	Means non-hardware elements including amongst others executable computer programs, programming language and databases.
Specialists	Means Main Subcontractor's or Main Subcontractor's sub-supplier's Service Personnel, which is not covered by the Advisory Team.
Sea Acceptance Trials or SATs	Means the trials to be carried out after completion and fitting out Submarines 2 and 3 as per Article 14 of this Contract.
Submarine	Means any one of the Submarines.
Submarine 1	Means one (1) type 209 Poseidon Class submarine to be modernized and repaired as per Article 2 and defined in Annex A of this Contract.
Submarines 2 and 3	Means the two (2) new HDW designed type 214 submarines and all components thereof, to be built, equipped, completed, tested and delivered to the Purchaser in Skaramanga, under the terms and conditions of this Contract.
Submarines	Means the Submarines 1, 2 and 3.
Supervisors	Means the Contractor's representatives to supervise and inspect the complete execution of this Contract.

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**Technical
Specification**

Means the Technical Specification as per Annex A of this Contract and includes in Appendix 1 the Specification of Modernization, in Appendix 2 the Specification of Repair (preliminary) in connection with Annex T (additional repair works on Submarine 1) and in Appendix 3 the Specification of Construction.

Working Day

Means any day of the week except Saturday and Sunday and excluding official Public Holidays in Greece.

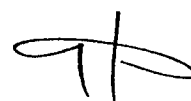
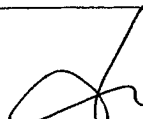
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ARTICLE 2

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 modernize, repair, construct –as the case may be– and test the Submarines and to deliver these Submarines in Skaramanga, 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. Each Submarine is to be delivered as in detail defined in Annexes A and B of this Contract including:
 - 3.1 All the necessary software as defined in the attached Appendices 1 and 3 of Annex A of this Contract.
 - 3.2 Training as per Article 18 of this Contract.
 - 3.3 Documentation of the new and modified equipment as per Article 19 of this Contract.
 - 3.4 On board spare parts as per Article 19 of this Contract.

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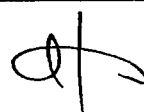
ARTICLE 3

OBLIGATIONS OF CONTRACTOR

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

- To perform the management and the proper execution of the Project,
- To modernize, repair, construct –as the case may be–, test and deliver the Submarines including the design in the fields of technical and functional integration of the new or modified equipment into the Submarines.

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ARTICLE 4

SPECIFICATIONS, STANDARDS AND RULES

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

1.1 Technical Specification as per Appendices 1 and 3 of Annex A of this Contract.

1.2 Unless otherwise stated in the Contract or in Appendices 1 and 3 of Annex A, the design and the Package Material for the modernization and the construction of the Submarines, as the case may be, will be based upon the Building Rules and Regulations of the German Navy (GN) for the modernization and construction of Warships (BV, Bauvorschrift) and the Defense Material Standards of the German Navy (VG, Verteidigungs-Geraet Normen) as far as all the above are applicable to the modernization and 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 three (3) months after EDC in a separate list which will form an integral part of and be applied as per Annex A of the Contract.

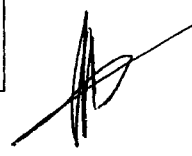
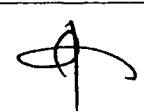
1.3 Furthermore MIL and/or NATO Standards (e.g. STANAG) will be applied as per Appendices 1 and 3 of Annex A of this Contract.

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.

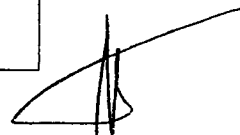
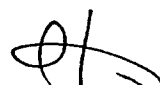
3. The Contractor shall without additional charge provide to the Purchaser the documents mentioned in the above paragraphs 1.2, 1.3, and 1.4 in English language to

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the extent available at the Main Subcontractor provided the Main Subcontractor is authorized to do so and these documents are not already provided under the Archimedes Program.

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ARTICLE 5

CONTRACT PRICE – EXCESS MATERIALS PRICE

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

2. The Total Basic Contract Price of the Contract amounts to:

EUROS 1.383.100.000

(in words: one billion three hundred eighty three million-one hundred thousand)

which is the aggregate of the amounts specified in the following paragraphs 2.1, 2.2 and 2.3.

2.1 The price for Submarine 1, including the price escalations for the period up to September 2009 amounts to:

EUROS 383.100.000

(in words: three hundred eighty three million one hundred thousand)

2.2 The fixed price for Submarine 2 amounts to:

EUROS 500.000.000

(in words: five hundred million)

2.3 The fixed price for Submarine 3 amounts to:

EUROS 500.000.000

(in words: five hundred million)

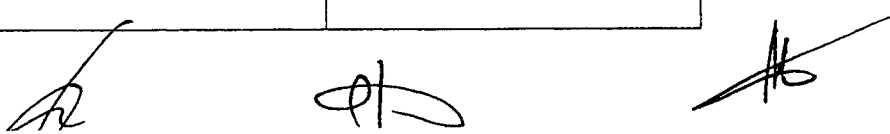
3. For purposes of Letters of Guarantee (as per Article 7 of this Contract), Insurance (as per Article 9 of this Contract) and of Liquidated Damages (as per Article 25 of this Contract) the prices for each Submarine are formulated as follows:

3.1 Submarine 1:

EUROS 383.100.000

(in words: three hundred eighty three million one hundred thousand)

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3.2 Submarine 2:

EUROS 332.000.000

(in words: three hundred thirty two million

3.3 Submarine 3:

EUROS 332.000.000

(in words: three hundred thirty two million

4. The Total Basic Contract Price referred to in the above paragraph 2 of this Article includes the repair works for Submarine 1 as specified in Appendix 2 of Annex A of this Contract, the material needed to perform the repair works of Appendix 2 of Annex A of this Contract, the additional repair works as per Annex T, the provision of services by advisory group, the provision of Main Subcontractor's and other subcontractor's specialists and the testing of the equipment to be repaired as per Appendix 1 of Annex A (Bgr. 0603) of this Contract.

4.1 With respect to the repair of the Submarine 1 and in connection with the price of the above paragraph 2.2.1 of this Article, the procedure described below will be followed:

4.1.1 At least six (6) months prior of the foreseen in paragraph 5 of Article 8 of this Contract starting date for Contractor's modernization and repair works for the Submarine 1, a survey on this Submarine will be performed by the Purchaser and the Contractor with the participation of the Main Subcontractor. This survey will be performed without affecting the operational availability and capability of the Submarine 1.

4.1.2 During the above survey, the Purchaser will provide any assistance needed to the Contractor and Main Subcontractor personnel, in order to enable the evaluation of the operational condition of the Submarine 1 and the performance of the individual equipments / systems to be repaired. In addition, if it is considered as necessary by the Contractor, the Purchaser shall arrange Sea Trials for a short period to be

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performed.

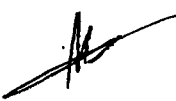
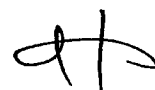
4.1.3 Following the end of the above survey and within a period of two (2) months thereafter, the Contractor shall provide to the Purchaser an offer for the additional repair works needed per his opinion as well as any impact on the time schedule of the modernization and repair program of Submarine 1 with all needed explanations.

4.1.4 The Purchaser is obliged after examining the above offer to announce his decision to the Contractor. These additional – if any – repair works with the relevant price and impact (if any) will be implemented in an Amendment of this Contract (as per paragraph 8 of Article 35 hereof) that will become effective at least one (1) month before the foreseen, as per paragraph 5 of Article 8 hereof, date of starting the modernization and repair works for Submarine 1 by the Contractor.

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

- all Government Furnished Equipment, Government Furnished Information and services as per Article 21 and Annexes C and C1 of this Contract,
- naval ships (including safety vessel), aircrafts, helicopters and targets which may be necessary for the execution of the HATs and SATs that require such availability as per Article 14 hereof,
- torpedoes / missiles, missile simulators, each with associated consumables for the execution of the acceptance tests and trials as per Article 14 hereof,
- fuel, lubricants and all other consumables (including gases) needed for the execution of setting to work, tests and trials as per Article 14 hereof,
- HN crew needed for the Sea Acceptance Trials of the Submarines,

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- additional repair works identified to be needed during the execution of the repair works for Submarine 1 (i.e. in addition to the ones described in Appendix 2 of Annex A and in Annex T of this Contract),
- material identified to be needed during the execution of the repair works for Submarine 1 (i.e. in addition to the ones described in Appendix 2 of Annex A of this Contract),
- necessary works for the preparation of Submarine 1 in order to enter in the ship lift at the Contractor's yard for the start of modernization and repair works by the Contractor,
- all cost related to a possible project finance.
- acoustic measurements tests at Sea as per Task Group 0190 of Appendices 1 and 3 of Annex A of this Contract.

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.

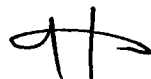

6. The supplies and services to be delivered / rendered for the prices as per this Article 5 are free from any encumbrance, debt, seizure, attachment, mortgage, free from any legal defect and third-party claims, except as otherwise mentioned in this Contract.

7. The Total Basic Contract Price as per paragraph 2 hereof does not include the retention fee which presently amounts to 6,144% 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 to any income tax withholdings and especially those provided for in article 55 Law 2238/1994 as currently in force.

8. Save for as provided in the above paragraph 7 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.

9. **Excess Materials Price**

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9.1 In addition to the Total Basic Contract Price stipulated in paragraph 2 of this Article and due to the variation of the object of the Contract by way of replacement of the modernization and repair works for other two HN submarines class 209 with the works for the construction of Submarines 2 and 3, the Purchaser shall pay to the Contractor the amount of Euro one hundred seventeen million (117.000.000) in accordance with Article 6 hereof and in exchange the Contractor shall transfer upon EDCA to the Purchaser the title of ownership in the materials set out in Annex E, which were produced and/or procured prior to EDCA for the other two HN submarines class 209 and have become idle due to the variation of the object of the Contract. These materials are unused except for testing.

9.2. To this effect the Contractor will issue the respective sale invoice which shall be paid in five installments as per paragraphs 2.2.1, 2.2.2.3.1, 2.2.2.4.1, 2.2.2.5.1 and 2.2.2.6.1 respectively of Article 6 hereof. It is explicitly confirmed that the delivery of the materials of Annex E falls under the scope of the VAT exemption provided in article 27 par. 1 (a) of Law 2859/2000.

9.3. The delivery of the materials of Annex E shall be made to the Purchaser at the condition they stand as of EDCA. No warranty or guarantee whatsoever shall be provided by the Contractor, save for any supplier's warranty which is still effective to the extent possible. The Contractor shall initiate and procure the delivery to the Purchaser of the said materials at the premises of the Contractor starting three (3) months from EDCA, unless otherwise instructed in writing by the Purchaser in case the latter wishes a later delivery. In the meantime between the transfer of title of ownership and physical delivery of the materials of Annex E to the Purchaser the retention (katoxi) of the said material shall be held in the name, on behalf and at the sole risk of the Purchaser by any person or entity being in retention thereof.

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ARTICLE 6

TERMS AND METHOD OF PAYMENT

1. Payment of the Total Basic Contract Price as per Article 5 paragraph 2 plus the Excess Materials Price as per Article 5 paragraph 9 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:

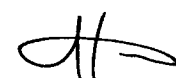

EURO 637.800.000

(in words: (six hundred thirty seven million eight hundred thousand – “the Pre-EDCA Payments”)

2.1.2 The Parties explicitly agree that payments of a total amount of EURO 254.700.000 (two hundred and fifty four million seven hundred thousand) which were originally effected by the Purchaser in accordance with the terms of this Contract shall be allocated to the payment obligations of the Purchaser under the Contract 012B/00 entered into between the Purchaser and the Contractor and for the purpose of irrevocable set-off and discharge of such payment obligations of equal amount of the Purchaser which had become due 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 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 respects

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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.

2.2. Payments upon and after the EDCA :

The remaining balance of the Total Basic Contract price plus the Excess Materials Price payable under Article 5 paragraph 9 shall be paid as follows:

2.2.1 Payment upon EDCA

The amount of:

EURO 97.000.000,00

(in words: ninety seven million)

shall be paid upon the EDCA for the Excess Materials Price as per Article 5 paragraph 9 of this Contract (the "EDCA payment").

2.2.2 Payments after the EDCA (the "post-EDCA Payments")

2.2.2.1 EURO 50.000.000,00

(in words: fifty million)

shall be paid on 15 September 2010.

2.2.2.2 EURO 50.000.000,00

(in words: fifty million)

shall be paid on 15 November 2010.

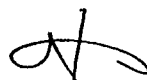
2.2.2.3 EURO 32.250.000,00

(in words: thirty two million two hundred fifty thousand) and

2.2.2.3.1 EURO 5.000.000,00

(in words: five million)

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for the Excess Materials Price as per Articles 5 paragraph 9 of this Contract

shall be paid on 15 February 2011.

2.2.2.4 EURO 32.250.000,00

(in words: thirty two million two hundred fifty thousand) and

2.2.2.4.1 EURO 5.000.000,00

(in words: five million)

for the Excess Materials Price as per Article 5 paragraph 9 of this Contract

shall be paid on 15 May 2011.

2.2.2.5 EURO 32.250.000,00

(in words: thirty two million two hundred fifty thousand) and

2.2.2.5.1 EURO 5.000.000,00

(in words: five million)

for the Excess Materials Price as per Article paragraph 9 of this Contract

shall be paid on 15 August 2011.

2.2.2.6 EURO 32.250.000,00

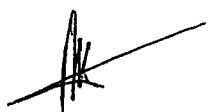
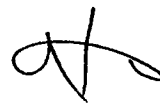
(in words: thirty two million two hundred fifty thousand) and

2.2.2.6.1 EURO 5.000.000,00

(in words: five million)

for the Excess Materials Price as per Article 5 paragraph 9 of this Contract

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shall be paid on 15 November 2011.

2.2.2.7 EURO 32.250.000,00

(in words: thirty two million two hundred fifty thousand)

shall be paid on 15 February 2012.

2.2.2.8 EURO 32.250.000,00

(in words: thirty two million two hundred fifty thousand)

shall be paid on 15 May 2012.

2.2.2.9 EURO 32.250.000,00

(in words: thirty two million two hundred fifty thousand)

shall be paid on 15 August 2012.

2.2.2.10 EURO 32.250.000,00

(in words: thirty two million two hundred fifty thousand)

shall be paid on 15 November 2012.

2.2.2.11 EURO 35.500.000,00

(in words: thirty five million five hundred thousand)

shall be paid on 15 February 2013.

2.2.2.12 EURO 35.500.000,00

(in words: thirty five million five hundred thousand)

shall be paid on 15 May 2013.

2.2.2.13 EURO 35.500.000,00

(in words: thirty five million five hundred thousand)

shall be paid on 15 August 2013.

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2.2.2.14 EURO 35.500.000,00

(in words: thirty five million five hundred thousand)

shall be paid on 15 November 2013.

2.2.2.15 EURO 37.500.000,00

(in words: thirty seven million five hundred thousand)

shall be paid on 15 February 2014.

2.2.2.16 EURO 37.500.000,00

(in words: thirty seven million five hundred thousand)

shall be paid on 15 May 2014.

2.2.2.17 EURO 37.500.000,00

(in words: thirty seven million five hundred thousand)

shall be paid on 15 August 2014.

2.2.2.18 EURO 37.500.000,00

(in words: thirty seven million five hundred thousand)

shall be paid on 15 November 2014.

2.2.2.19 EURO 37.500.000,00

(in words: thirty seven million five hundred thousand)

shall be paid on 15 February 2015.

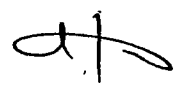
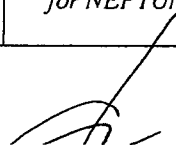
2.2.2.20 EURO 37.500.000,00

(in words: thirty seven million five hundred thousand)

shall be paid on 15 May 2015.

2.2.2.21 EURO 37.500.000,00

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(in words: thirty seven million five hundred thousand)

shall be paid on 15 August 2015

2.2.2.22 EURO 37.500.000,00

(in words: thirty seven million five hundred thousand)

shall be paid on 15 November 2015

2.2.2.23 EURO 25.000.000,00

(in words: twenty five million)

shall be paid on 15 February 2016.

2.2.2.24 EURO 25.000.000,00

(in words: twenty five million)

shall be paid on 15 May 2016.

2.2.2.25 EURO 25.000.000,00

(in words: twenty five million)

shall be paid on 15 August 2016

2.2.2.26 EURO 25.000.000,00

(in words: twenty five million)

shall be paid on 15 November 2016

2.2.2.27 EURO 12.500.000,00

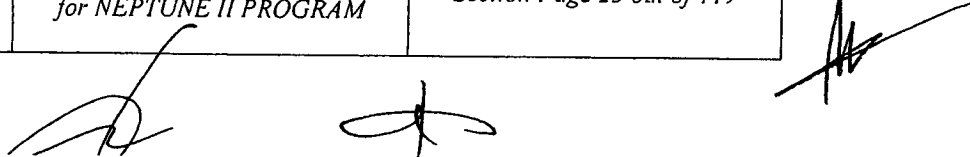
(in words: twelve million five hundred thousand)

shall be paid on 15 February 2017.

2.2.2.28 EURO 12.500.000,00

(in words: twelve million five hundred thousand)

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shall be paid on 15 May 2017.

2.2.2.29 EURO 12.500.000,00

(in words: twelve million five hundred thousand)

shall be paid on 15 August 2017.

2.2.2.30 EURO 12.500.000,00

(in words: twelve million five hundred thousand)

shall be paid on 15 November 2017.

2.2.2.31 EURO 12.500.000,00

(in words: twelve million five hundred thousand)

shall be paid on 15 February 2018.

2.2.2.32 EURO 12.500.000,00

(in words: twelve million five hundred thousand)

shall be paid on 15 May 2018.

2.2.2.33 EURO 12.500.000,00

(in words: twelve million five hundred thousand)

shall be paid on 15 August 2018.

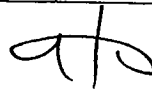
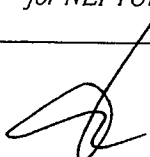
2.2.2.34 EURO 12.500.000,00

(in words: twelve million five hundred thousand)

shall be paid on 15 November 2018.

3. It is expressly agreed that all post EDCA payments shall be effected at the dates mentioned in the above paragraphs 2.2.2.1 – 2.2.2.34 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 2.2.2.1 – 2.2.2.34 the

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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 unrestricted at the relevant bank account 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 may be) in accordance with the terms and conditions in a respective AMENDMENT as mutually agreed upon.

5. The payments of the paragraphs 2.2.1 and 2.2.2.1- 2.2.2.34 shall be made to the Contractor against presentation by the Contractor of:

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

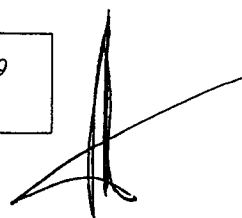
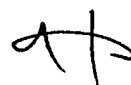
6. For the payments as per above paragraphs hereof the following shall apply:

6.1 All payments hereunder to be made to the Contractor shall be made by the Purchaser to the Cyprus Bank (Leoforos Alexandras 170, Athens) to the account no. IBAN GR 900730501000000005470952 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 theBank.

7. 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 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

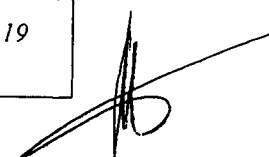
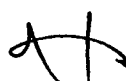
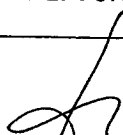
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following the thirty (30) Days mentioned above. If the Contractor so decides to extend the delivery date(s) and notifies in writing the Purchaser as such within thirty (30) Days following the restart of work, then the time schedules shall be adjusted accordingly.

8. 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 materials and equipment for the modernisation and repair of Submarine 1 as well as on the Submarines 2 and 3 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. Such transfer of property is hereby agreed and shall be gradually performed and proven by a certificate of property 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 transfer of property in the materials and equipment already used for the modernisation and repair of Submarine 1 and incorporated therein. Following the EDCA, the said certificate of property will be issued within one week after receipt by the Contractor of each of the payments of paragraph 2.2.2 of Article 6 hereof.

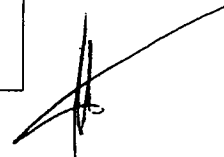
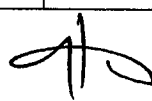
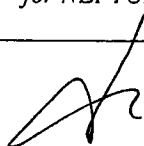
1.2 Such transfer of property shall be free and clean of any liens, claims, mortgages or any encumbrances on the corresponding Submarine and all of its components, which shall be absolutely free of all burdens in the nature of import taxes or charges imposed by the city, or state or of the port of delivery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

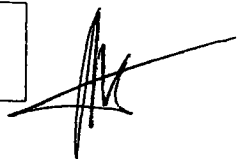
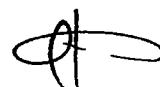
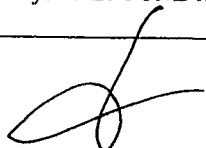
3.1 The Purchaser states and recognises that all corporate good execution and performance guarantees which are set out in Annex F of this Contract and were granted prior to EDCA, are no more valid and shall be returned upon EDCA to the party that has issued each of them.

3.2 Three (3) corporate letters of guarantee, one (1) for each Submarine for the good performance of the terms of the Contract, issued by the Contractor in favour of the Purchaser and each representing the ten percent (10%) of the prices mentioned in paragraphs 3.1, 3.2 and 3.3 of Article 5 of this Contract respectively shall be forwarded to the Purchaser upon the EDCA.

3.3 The letters of guarantee of above paragraph 3.2 shall be automatically reduced to an amount representing 10% (ten per cent) of their original value on the day of expiration of the warranty period of the relevant Submarine as defined in Article 17. In case there are pending warranty claims against the Contractor related to the relevant Submarine, the letter of guarantee of above paragraph 3.2 shall not be reduced until such claims have been settled. The letters of guarantee of above paragraph 3.2 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 each Submarine. In case there are pending warranty claims, the letters of guarantee shall not be reduced to zero and returned until such claims have been settled.

3.4 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.

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3.5 The format of this letter of guarantee is laid down in Annex I of the Contract.

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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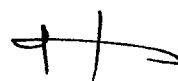

ARTICLE 8

REPAIR OF SUBMARINE 1

1. The repair works of the Submarine 1 will be performed in parallel with the modernization works. For the final Repair Specification the status of the Submarine 1 at the time of its delivery to the Purchaser, as well as the scope of modernization as per Appendix 1 of Annex A of this Contract were considered.
2. As also described in Article 5 paragraph 4.1.3 of this Contract the Contractor, approximately four (4) months prior the foreseen starting date for his works on Submarine 1 (as per paragraph 5 below) shall announce to the Purchaser the price for the additional works (if any) for the Submarine 1 and shall provide, if needed, the updated Repair Specification (to replace the relevant one included in Appendix 2 of Annex A of this Contract) for this Submarine.
3. The Purchaser has the right to decrease the scope of the Repair Specification by undertaking under his own care the execution of certain repair works. Since the execution of these works should comply with the Contractor's schedule of works, certain conditions for the implementation of these repair works have to be agreed between the Parties.

Any change on the scope of the Repair Specification must have been agreed prior to the effectiveness of the repair (as foreseen in Article 5 paragraph 4.1.4).
4. The Purchaser shall arrange the Submarine 1 to arrive at Contractor's yard at the specified date properly prepared. Certain initial requirements for the Submarine 1 related with the modernization and repair activities are mentioned in Annex C of this Contract. Further details about this preparation of the Submarine shall be agreed between the Parties in due time and at least two (2) months prior of the foreseen starting date of Contractor's works, as per next paragraph 5.
5. The foreseen date for the arrival (i.e. starting date of Contractor's works) of the Submarine 1 at Contractor's premises is EDC + 30 months.

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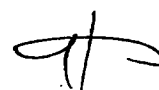
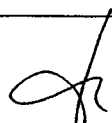


6. In case during the execution of repair works as per Appendix 2 of Annex A hereof additional works are identified to be needed, then the Contractor shall inform in writing the Purchaser accordingly with the relevant consequences. Written agreement on these additional works including impact on price and delivery schedule between the Parties has to be reached within three (3) Days after the receipt by the Purchaser of the relevant Contractor's notice. In case these additional works be agreed to be performed by the Contractor, then the Contractor is entitled to request the Purchaser to provide to the Contractor the spare parts needed, at the time specified by the Contractor, in order to avoid any delay with respect to the Contractor's activities.

7. Further necessary procedures / agreements in addition to the ones described above and in Article 5 paragraph 4.1 of this Contract – related with the repair works –, if needed, will be established between the Parties in due time.

8. Article 21 concerning the GFE/GFI material, services, information for the repair works shall also apply. Especially it is noted that the battery to be provided by the Purchaser for the Submarine 1 should be new and be accompanied by its relevant certificates.

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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 modernization, repair, 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 and 3.3 respectively as per Article 5 for the corresponding Submarine, and the value of the GFE plus a value of 5% to cover escalation and other expenses.
3. The value of GFE shall be communicated by the Purchaser to the Contractor in due time before the delivery of the GFE.
4. The insurance policy for the Submarines 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. For Submarine 1 one signed insurance cover note shall be submitted by the Contractor to the Purchaser before the arrival of Submarine 1 at Contractor's premises, while for Submarines 2 and 3 a signed insurance cover note shall be submitted by the Contractor to the Purchaser after EDCA.
5. Should any Submarine 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 value of GFE, as per paragraph 2, 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 paragraph 4 above the Purchaser

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shall promptly give his written consent for the direct payment of the insurance proceeds to the Contractor and damages shall be repaired or damaged items replaced by the Contractor with all due dispatch during ordinary working hours by 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 this 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

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 Contractor and the Main Subcontractor shall be excluded.

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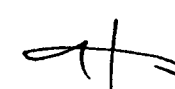


ARTICLE 10

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 FOR MODERNIZATION, REPAIR AND CONSTRUCTION OF THE SUBMARINES

1.1 The Contractor shall procure, install, test and deliver all materials and provide all services for the Modernization of Submarine 1 as foreseen in this Contract. For the GFE Article 21 applies.

1.2 The Contractor shall perform the works and provide the materials in order to implement the finally agreed Repair Specification for Submarine 1 as described in Appendix 2 of Annex A in combination with Annex T. For the GFE Article 21 applies.

1.3 The Contractor shall procure, install, test and deliver all material and make available all services for the Construction of Submarines 2 and 3, as foreseen in the Contract herein. For the GFE materials, Article 21 applies.

2. Materials and equipment units ("Bgr" as per Appendices 1 and 3 of Annex A of this Contract) except GFE, will be proven by the Contractor as specified in detail in Articles 13 and 14 hereof, so that their quality meets the Technical Specification as per Appendices 1 and 3 of Annex A of this Contract.


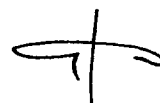
3.1 The materials, machinery, equipment delivered for the new and modified equipment / system of the Submarine 1 shall be factory new or modified, except as used for the testing of Submarine 1 and training of Purchaser's personnel.

3.2 The materials, machinery, equipment of Submarines 2 and 3 shall be factory new (unused), except for the cases where they will be used for the testing of Submarines 2 and 3 and training of Purchaser's personnel.

3.3 For the repair work to be performed for the Submarine 1 the following major equipments:

- Propulsion motor
- Diesel engines

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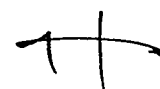
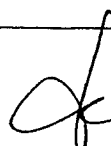
- Generator sets
- Switchboards and power distribution
- Hoistable mast
- Shafting System

the Contractor shall subcontract the work to the manufacturer of origin or elsewhere if mutually agreed with the Purchaser. If for GAV reasons, such subcontracts are placed with Greek companies the Contractor shall ensure that the manufacturer of origin provides a certificate by the manufacturer of origin stating the ability of the actual subcontractor to perform the necessary work.

In any case original spare parts shall be used by the manufacturer of origin and respectively by the actual subcontractor to perform the modernization and repair work. The manufacturer of origin respectively the actual subcontractor shall present to the Contractor the relevant documents certifying that for the modernization and repair work of the above mentioned equipment original spare parts were used.

4. The sequence of works for the Submarines 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

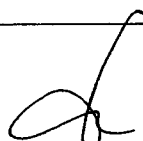
RIGHT OF ASSIGNMENT- SUBCONTRACTING

1. Neither the Purchaser nor the Contractor shall, without the consent in writing of the other Party, such consent not to be unreasonably withheld, assign or transfer 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.

3. The major subcontractors and suppliers of the Contractor for the modernization and construction of the Submarines are presented in the Technical Specification (Appendices 1 and 3 of Annex A of this Contract). 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 sub-contractors to be chosen by the Contractor at its own sole discretion, the Contractor will also take into consideration the local suppliers.

4. The major subcontractors of the Contractor for the repair of the Submarine 1 shall be presented by the Contractor to the Purchaser two (2) months prior to the foreseen starting date of Contractor's works for the said Submarine. For this list of major subcontractors for the repair works, the Contractor shall request the consent in writing of the Purchaser. Such consent shall not be unreasonably withheld.

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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 the design of the modernization and manufacture and testing (FATs) for all new manufactured or modified equipment / systems for the modernization, repair and construction of the Submarines.
2. The QAR shall, to the extent of their functions, communicate and cooperate closely with any Purchaser's representatives.
3. The Purchaser shall appoint, for the part of the Contract related with the modernisation, repair, construction and acceptance tests and trials of the Submarines, 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 General Directorate of Defence Investments and Armaments (GDDIA) in accordance with Articles 7 and 8 of the Governmental Quality Assurance Regulations for the Defence Procurements. Its task shall be to monitor the fulfilment by the Contractor of his contractual obligations related with the conformity of materials and services with the contractual stipulations, the achievement of Greek Added Value (GAV) for Submarine 1 and time of delivery, in accordance with this Article, Article 20 and the Governmental Quality Assurance Regulations for the Defence Procurements (ed. June 1998).

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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. With respect to the TQA personnel assigned to the Contractor's premises, the Contractor shall provide relevant facilities for the implementation of their functions (office with phone, PC, Fax etc.).

6. The Contractor is obliged to document and implement a Quality Assurance System satisfying the requirements of ISO 9002 and be certified by an appropriate member of the International Association of Classification Societies (IACS). For the object of this Contract, the Contractor is bound to submit to TQA a Quality Plan within twenty six (26) 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 major 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. Alternatively, they shall implement a Quality System approved by the Contractor in accordance with his Quality Assurance System procedures.

8. 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 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

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the lapse of twenty (20) Days, the submitted document and data shall be considered approved.

9. The Contractor or the Main Subcontractor shall advise in writing the TQA, HNDS and QAR respectively of the availability of materials and items ready for Factory Acceptance Tests (FAT) at the subcontractors' premises, at least five (5) Working Days 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, so that the QAR and the Inspectors may attend.

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

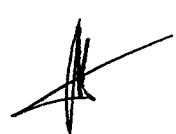
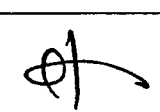
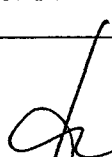
11. Irrespective of the activities of the TQA, HNDS and QAR, the Contractor is not released from his sole responsibility for the satisfactory and timely execution of the Project.

12. 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.

13. Especially for the Package Materials that will be manufactured / modified in Germany for the Submarines, a Certificate of Conformity (CoC) shall be issued by the Governmental Quality Assurance of the Republic of Germany (BWB), which shall be arranged by the Purchaser in accordance with the Intergovernmental agreement (STANAG 4107).

14. The materials and systems of Submarine 1, which will be modernized and/or modified, 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 Submarines is considered as performed.

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15. 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.

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

17. With respect to the Purchaser's personnel related with each Submarine assigned to the Contractor's premises for the implementation of this Contract, the Contractor shall provide relevant facilities. Specifically the Contractor shall provide an office for the Captain, an office for the officers and living spaces (office, dressing, room etc.) for the rest personnel. The offices for the Captain and Officers will be equipped with telephone, PC, Fax etc.

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ARTICLE 14

ACCEPTANCE TESTS AND TRIALS

1. The Acceptance Tests and Trials of the equipment and the systems to be modernised (new and modified), repaired and constructed for each of the Submarines 1, 2 & 3, as the case may be, 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.

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

2. FATs related with the works that will be performed at the Contractor's premises shall be conducted under the responsibility of the Contractor.

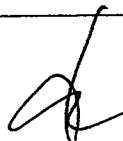
3. The HATs and SATs shall be performed under the responsibility of the Contractor. The Acceptance Tests and Trials (FATs, HATs and SATs) are listed in the reference list of tests and trials of Bgr. 0603 of Appendices 1 & 3 of Annex A of this Contract.

4. The test specifications for FATs, HATs and SATs shall be provided to the Purchaser latest five (5) months before scheduled start of the respective test as per the Contract.

5. Unfinished work, defects, deficiencies, omissions and damages ascertained during the FATs should be corrected by the Contractor as per above paragraph 1, who shall be required to repeat the relevant part of FAT of the corresponding system, where necessary, in order to demonstrate the correct functioning of the equipment / system.

6. The completion of a FAT, HAT or SAT shall not be withheld where only minor defects of the deliverables exist, but such defects shall not prevent the

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accomplishment of an operational or mission essential function or jeopardise personnel or equipment safety. Such defects shall be rectified as soon as reasonably possible. In case of FAT as per paragraph 1.1 hereof defects shall be rectified before FOB/FCA delivery to the Contractor.

7. All Acceptance Trials (HATs, SATs), shall be conducted before the delivery of each Submarine. Part of Acceptance Tests and Trials may be conducted during the warranty period, if mutually agreed upon.

8. The Purchaser shall make available the officers and crew needed for the SATs of the Submarines, when requested by the Contractor. For this an advance notice in written form at least three (3) months prior to the foreseen starting date of SATs will be provided to the Purchaser by the Contractor.

9. Acceptance Tests and Trials (FAT, HAT, SAT) carried out after the delivery of the Submarines as per above paragraph 7 or as otherwise agreed, shall be conducted under the responsibility of the Purchaser. For these tests and trials on request of the Purchaser the Contractor will provide the instruments as foreseen in the relevant agreed test procedures for the execution of the particular tests or trials, if necessary, and the personnel as deemed appropriate by the Contractor for support.

10. 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.

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

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Article 24 paragraphs 1.2-1.3 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 and 3 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 Submarine 3.

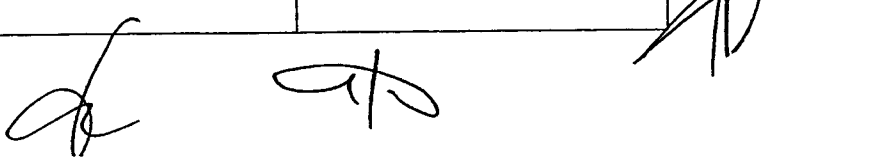
12. Acoustic and magnetic signature tests for Submarines 2 and 3:

In case that after the successful completion of all HATs and SATs for Submarines 2 and 3 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:

12.1. 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 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.

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

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ARTICLE 15

PERFORMANCE VALUES OF THE SUBMARINES

1. The performance of the Submarines shall be in accordance with the requirements laid down in Annexes B and B1 of this Contract. With regard to Submarine 1 since the performance of the said Submarine is dependent upon the proper performance of the necessary repair works, in order the specified performance values of this Submarine to be met, the Purchaser shall accept the advice and recommendations of the Contractor for the additional works (if any) identified to be needed during the execution of the repair works as per the final Repair Specification.
2. Detailed quantitative values for evaluating the performance or the status of each of the Submarines are specified in Annexes B and B1 of this Contract, for the following:

2.1 For the Submarine 1:

2.1.1. Platform

2.1.1.1 Surface Stability MG (Metacentric Height)

2.1.1.2 Submerged Stability BG (Stability Height)

2.1.1.3 Reserve of Buoyancy

2.1.1.4 Max. Submerged Speed (Battery)

2.1.1.5 Max. Submerged Speed (Fuel Cell)

2.1.1.6 Max. Snorkelling Speed (Diesel)

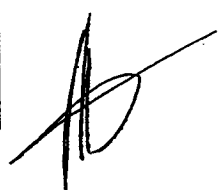
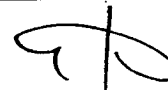
2.1.1.7 Max. Surface Speed (Diesel)

2.1.1.8 Max. Submerged Cruising Range (Battery)

2.1.1.9 Submerged Cruising Range (Fuel Cell)

2.1.1.10 Tactical Indiscretion Rate

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- 2.1.1.11 Tactical Diameter
- 2.1.1.12 Environmental Conditions
- 2.1.1.13 Cavitation
- 2.1.1.14 Waterborne Noise
- 2.1.1.15 Combat System Sensor Accuracy Criteria

2.2 For the Submarines 2 and 3:

2.2.1. Platform

Metacentric Height

Stability Height

Reserve of Buoyancy

Diving Test Depth

Maximum Submerged Speed, Battery

Maximum Submerged Speed, Fuel Cell

Maximum Submerged Speed, Mast Operation

Maximum Surface Speed, Diesel

Maximum submerged cruising range with battery

Submerged cruising range with Fuel Cell

Tactical indiscretion rate (1st case – 8%)


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

Tactical diameter

Environmental conditions

2.2.2. Signatures

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Water-borne Noise

Magnetic Signature

Transient Noise

Cavitation

2.2.3 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 GFE systems) - is in compliance with the requirements as specified in Annexes A (Appendices 1 & 3), B and B1, as applicable, of this Contract.
4. In case of failure of any system to meet the Technical Specification as per Appendices 1 and 3 of Annex A of this Contract, the Contractor will exercise all available remedies to obtain identification and correction of malfunction and correction or replacement of faulty equipment. For GFE Article 21 of this Contract applies.
5. If the performance values of Submarines have not been reached as per Annex B and B1 respectively, then additionally Articles 25 and/or 27 hereof (if applicable) shall apply.

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ARTICLE 16

DELIVERY AND ACCEPTANCE PROCEDURES

1. After the successful completion of all Factory, Harbour and Sea Acceptance Tests and Trials (FATs, HATs, SATs), except such tests mutually agreed to be performed during the warranty, to demonstrate the conformity of each Submarine with this Contract, the said Submarine clean, painted and safely moored shall be accepted by the Purchaser's Acceptance Committee and a Delivery and Acceptance Protocol as per Annex N of this Contract shall be issued and duly signed by the Contractor and the Purchaser's Acceptance Committee, certifying that the said Submarine has been modernized and repaired or constructed, as the case may be, in accordance with this Contract. This protocol will contain a declaration of warranty by the Contractor that the 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.
2. 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 the Submarine but shall be rectified as to be agreed in the relevant Delivery and Acceptance Protocol as per Annex N of this Contract.
3. Without prejudice to the provisions of Article 7 paragraph 1, at the moment the Delivery and Acceptance Protocol as per Annex N of this Contract of the Submarine is duly signed, the full property, possession and risk of the said Submarine are transferred to Purchaser.
4. There will be a "Pre-Transit Period" at the Contractor's premises for each of the Submarines of not more than fourteen (14) Days commencing with the Day following delivery and acceptance of the relevant Submarine by the Purchaser. Within this Pre-Transit Period all such remaining items as have been agreed as per the Delivery and Acceptance Protocol as per Annex N of this Contract will be rectified prior to departure of the Submarine, from the Contractor's premises.

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5. The Contractor and his subcontractors and suppliers may perform warranty work on the Submarines during their Pre-Transit Periods.
6. The Purchaser will arrange each Submarine to leave the premises of the Contractor 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 Contractor warrants the modernization and repair work for Submarine 1, as described in Annex A of this Contract, for a period of twelve (12) months from the date of Submarine 1 acceptance as per Article 16. Furthermore the Contractor shall transfer to the Purchaser the existing warranties received by way of assignment from its subcontractors and suppliers, as these warranties stand as of EDCA. Such warranties shall apply then directly 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. Within this period the Contractor is responsible to remedy at his expenses any defects caused by faulty 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 1 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 GFE.

1.2. The Contractor warrants Submarines 2 and 3, as described in Annex A of this Contract, for a period of eighteen (18) months starting from the scheduled date for their delivery as stipulated in paragraphs 1.2 and 1.3 of Article 24 hereof (the "Warranty Period for Submarines 2 and 3"). The commencement of the Warranty Period for Submarines 2 and 3 shall be extended for as long as the delivery of each of these Submarines is delayed for reasons attributable to fault of the Contractor. Within this period the Contractor is responsible to remedy at his expenses any defects caused by faulty 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

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respective systems or equipment in the Submarines 2 and 3 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 GFE.

2. The warranty period of systems, equipment or items of the Submarines repaired or replaced under these conditions of warranty shall be extended and this extension 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 defective 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 of this Contract 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. The Contractor, at the end of Warranty Period for Submarines 2 and 3, as defined above in paragraph 1.2 of this Article, shall transfer to the Purchaser the warranty of those systems or equipment or items of Submarines 2 and 3 which are warranted by his subcontractors for a period lasting more than the Warranty Period for Submarines 2 and 3.

4. In case a warranty claim can only be remedied at a ship repair facility, the Purchaser and the Contractor shall agree to bring any system, equipment or item for execution of the necessary warranty repairs to the Contractor's yard, to execute the necessary warranty repairs made there, or have the same made at the Purchaser's Naval Bases, or any other Mediterranean or European port, selecting the most time and cost efficient alternative. In the two latter cases the Contractor shall reimburse the

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Purchaser the cost of making such repairs and provide at his expense specialists if so agreed with the Warranty Engineer.

5. 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 which shall be replaced by the Contractor CIF (INCOTERMS Edition 1990, Publication No. 460) Piraeus.

In case the Contractor fails to diligently attend to any Purchaser's warranty claim 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 Contractor 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 Contractor's receipt of Purchaser's relevant warranty form up to the repair of the item or exchange of the part by the Contractor, as applicable.

6. The Contractor undertakes to cover the expenses of:

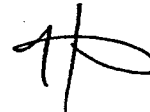
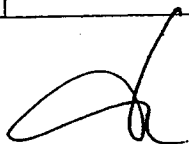
6.1 Transportation, freight, insurance and repair of those defective equipment or items under the warranty terms of this Contract sent by the Purchaser to the Contractor or his subcontractors and vice-versa.

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

6.3 Employment of specialists in case such employment has been agreed in accordance with paragraph 4 above.

6.4 Cost of refilling of the oxygen tanks and/or hydrogen storage tanks, if during warranty works the evacuation of such tank is necessary and the defect or deficiency is related with the new or modified equipments.

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7. During the warranty period the Contractor is to furnish the Purchaser all repair or replacement items in the shortest reasonable possible time, as per above paragraph 5.
8. 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.
9. The Contractor shall make available, one (1) Warranty Engineer for all the Submarines, 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 of this Contract. Further necessary procedures in addition to those of Annex O of this Contract will be established between the Purchaser and the Contractor in due time.
10. The Purchaser accepts that the above Warranty 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.
11. The Contractor accepts to cover all the warranty claims of the Purchaser as they are defined in this Article 17.

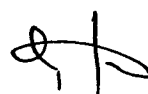

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ARTICLE 18

TRAINING

The Contractor will arrange training to be provided for the operation and maintenance of the new and modified equipment / systems of Submarine 1 as stipulated in the Article 19 of this Contract.

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ARTICLE 19

LOGISTIC SUPPORT (LS)

1. The Contractor shall provide to the Purchaser Logistic Support (LS) for the Submarines, as detailed in Bgr. 0700 of Appendix 1 and 3 to Annex A of the Contract.
2. The Logistic Support is defined as activities and deliverables necessary to enable the Purchaser to integrate new or modified equipment/systems into the Purchaser's organisation procedures and to prepare maintenance, material management activities and training and as specified in the following deliverables, which are specified in Appendix 1 of Annex A of this Contract for Submarine 1. The scope of supply and services as to be delivered/rendered under this Contract for Submarines 2 and 3 is described in Annex P1 in the quantity as required for Submarines 2 and 3.
 - 2.1 Material Support for new and/or modified equipment/systems for the Submarine 1.
 - 2.1.1 On board spare parts for a mission of fifty (50) days duration, but subject to the provisions of paragraph 7 of this Article.
 - 2.2 Technical Logistic Documentation for new or modified equipment / systems for the Submarine 1:
 - 2.2.1 Ship Management Documentation
 - 2.2.2 System and Equipment Documentation
 - 2.2.3 Drawings
 - 2.2.4 Certificates (FAT)
 - 2.3 Training of on board personnel for the new or modified equipment/systems (one time training execution as stipulated in Bgr. 0770 of Appendix 1 to Annex A of this Contract for Submarine 1).

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2.4 Training Courses

The scope of supply and services to be delivered/rendered under this Contract is described in Appendix 1 to Annex A.

3. The training courses, as per above paragraph 2.3 for Submarine 1 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 new or modified equipment/systems of the Submarine 1. The training material and training courses, as per Annex P1 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 2 and 3.
4. The training described in above paragraph 2.3 for Submarine 1 and in Annex P1 for Submarines 2 and 3 shall be performed in the facilities and/or on board the Submarines, as specified in Annex A (Bgr. 0770) of this Contract, 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 are included in the Total Basic Contract Price as per paragraph 2 of Article 5 of this Contract. All other cost such as personal expenses of the trainees (e.g. salaries, travelling / board / lodging / health insurance) shall be borne by the Purchaser.
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 Appendix 1 (Submarine 1) and Appendix 3 (Submarines 2 and 3) of Annex A of this Contract and will be specified accordingly.
7. The Contractor shall procure an initial outfit of ships' general stores ("first outfit"). The scope of supply is described in PBS 9 of Appendix 3 of Annex A.
8. Original onboard spare parts shall be provided for modernized and/or new equipment/systems by the manufacturer of origin and respectively the actual subcontractor.

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9. The Contractor declares that based on its own experience, the experience of the Main Subcontractor and the mission profile taken into account, the spare parts, special tools, measuring and test equipment intended to be stored on board the Submarine shall be sufficient for on board maintenance and repair of new or modified equipment/systems of a fifty (50) Days mission with reference to Submarine 1.

For Submarines 2 and 3 the spare parts, special tools measuring and test equipment and outfit intended to be stored on board the Submarines 2 and 3 shall be sufficient for onboard maintenance and repair of a forty (40) days mission.

10. In accordance with normal standard practice the Contractor shall require his subcontractors to offer and, if so ordered, deliver spare parts for new or modified equipment/systems which are compatible in fit and function, during a period of ten (10) years after delivery of the last Submarine but not longer than eighteen (18) years after receipt of payment of paragraph 2.2.2.1 of Article 6. If, for any reason, spare parts would not be anymore in production then the Contractor undertakes to inform the Purchaser, at least one (1) year before the end of production, and consequently assist the Purchaser with proposals for an equivalent solution.

11. The Contractor shall provide the Purchaser with NATO Stock Numbers for Submarine 1 where existing for the material to be provided and in possession of the Main Subcontractor.

12. The Contractor declares the availability of logistic support for spare parts and tools with exception of logistic support for crankcase for MTU type 12V493 diesel engines until the year 2020 for the Submarine 1.

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ARTICLE 20

GREEK ADDED VALUE (GAV)

1. The Parties explicitly state and recognise that the Greek Added Value requirements for Submarine 1 have been fully achieved as of EDCA and the Purchaser shall issue upon EDCA the relevant certificate.
2. The construction of Submarines 2 and 3 shall not be subject to any Greek Added Value requirements.

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ARTICLE 21

GOVERNMENT FURNISHED EQUIPMENT 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 of this Contract as Government Furnished Equipment (GFE) with the relevant documentation and Government Furnished Information (GFI).
2. Such GFE and GFI shall be delivered by the Purchaser to the Contractor's shipyard. The Contractor shall accept delivery when made and undertakes the unloading and storage at his own expense.
3. The Contractor accepts the delivery times of such GFE as per paragraph 1 above as laid down in Annex C of this Contract and agrees, that if followed, the delivery time of the Submarines 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 GFE / GFI.
4. Should the delivery of GFE and / or GFI be delayed for reasons other than Force Majeure, the Contractor shall evaluate the consequences and the overall influence on the time of delivery of the relevant Submarine and the Purchaser in co-operation with the Contractor 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 of this Contract without the delayed GFE / GFI but fitted for. In this case this Contract shall be deemed to be fulfilled and the Contractor will reimburse the Purchaser for the corresponding expenses for man-hours 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 Purchaser's cost.

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

6. The Contractor shall take all reasonable steps to comply with all appropriate directions, guidelines or instructions that the manufacturer of GFE may prescribe as reasonably necessary for the protection of GFE.

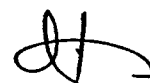
7. The Contractor shall be liable for any loss of or damage to GFE or for expenses incidental to such loss or damage, where this loss or damage occurred after the delivery of GFE as per paragraphs 1 and 2 above.

8. The Purchaser may (i) decrease the GFE furnished or to be furnished by the Purchaser under this Contract, or (ii) substitute other Purchaser owned material for material to be furnished by the Purchaser under this Contract and (iii) 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.

9. The GFE/GFI has to be in compliance with the agreed technical specifications and with Annex C of this Contract. With regard to the GFE received by the Contractor, the Contractor shall notify in writing the Purchaser about any observation made in connection with the visual inspection performed promptly but not later than two (2) weeks from the receipt thereof, concerning the condition of the GFE received. 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 GFE will be mutually agreed upon between the Purchaser and the Contractor.

10. The Contractor shall identify the interfaces of the GFE with the Submarine's systems and shall make himself aware of the performance requirements of all GFE. If interface conflicts are discovered during setting to work and FATs, that adversely affect any individual system's ability to satisfy the GFEs integrated performance requirements or the Submarine's systems requirements as per Annex B of this

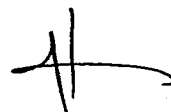
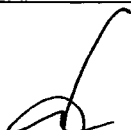
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Contract and such interface conflicts have not been notified by the Contractor to the Purchaser within a reasonable period of time after having received the respective complete GFE-technical specification from the Purchaser, the Contractor shall take the appropriate measures to remedy the conflicts under his full responsibility.

11. Upon the delivery of GFE 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 damage the GFE.

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ARTICLE 22

MODIFICATIONS

1. The Purchaser may request the Contractor in writing to make modifications to the Technical Specification (Appendices 1 and 3 of Annex A) 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 Specification and the plans until agreement has been reached on such modifications and an AMENDMENT as per Article 35 paragraph 8 to this Contract is effective.
4. The Contractor may implement changes to the Technical Specification as per Appendices 1 and 3 of Annex A of this Contract found necessary by him to suit local yard conditions and facilities. 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 Specification 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 Specification, be considered desirable during the progress of the production work, the same are to be performed subject to mutual agreement without being considered as modifications.

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7. Should a modification result in an increase or decrease in price and/or change in the delivery time, these increases or decreases in price and/or the changes in the delivery time shall be agreed upon in writing by the Parties via an AMENDMENT as per paragraph 8 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 GFE and GFI due to Force Majeure. As cases of Force Majeure can be considered, indicatively but not limited to 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 their contracts by the respective Parties or their subcontractors.

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 affected

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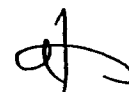
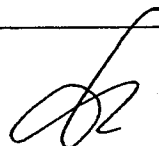
must report, within the same as herein above period of time, their commencement and their termination and such events must further be certified by the competent authorities.

4. Default in performance of any subcontractor of the Contractor or the Purchaser is not considered a case of Force Majeure for the 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 the 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 hereof will be ready for delivery at Contractor's premises after successful tests and trials as per Annex E of this Contract, as follows:

1.1 Submarine 1: within nineteen (19) months, after the EDCA.

1.2 Submarine 2: within ninety three (93) months, after the EDCA.

1.3 Submarine 3: one hundred and five (105) months, after the EDCA.

1.4 In order the above schedule to be implemented the Purchaser shall arrange the Submarine 1 (properly prepared as per Article 8) to arrive at Contractor's premises in order to start the modernization and repair work thirty (30) months after the Effective Date as per Article 32.

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

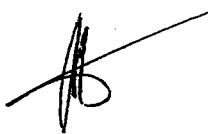
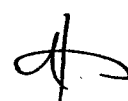
2.1 On board spare parts shall be delivered together with each Submarine.

2.2 On board Documentation shall be delivered as specified in Appendices 1 and 3 of Annex A of this Contract.

2.3 Services (training for Purchaser's personnel, Warranty Engineer, services to Purchaser's personnel at Contractor's and Main Subcontractor's facility, etc.) to be performed under this Contract, shall be performed at the dates specified elsewhere in this Contract and its Annex A (Appendices 1 & 3).


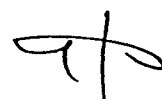
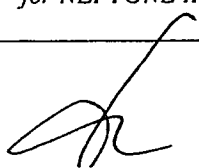
2.4 All other deliverables such as drawings, reports, data and other items, all as required by this Contract, together the delivery of each Submarine, unless otherwise specified elsewhere in this Contract, or as agreed from time to time in accordance with Article 22 hereof.

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3. The delivery times as per paragraphs 1 and 2 above may be extended and/or revised as stipulated in this Contract.

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ARTICLE 25

LIQUIDATED DAMAGES

1. Delay in Delivery

1.1 If the Submarines should not be presented for acceptance due to Contractor's default 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 for each Submarine, liquidated damages foreseen in P.D. 284/89. The maximum amount to be paid will not exceed the 4,00% (four percent) of the prices of each of the Submarines mentioned in paragraph 3.1, 3.2 and 3.3 of Article 5 of this Contract.

1.2 If the delivery of a Submarine is so delayed by more than three hundred five (305) Days, the Purchaser and the Contractor shall meet in order to examine the problem. If a solution cannot be mutually agreed within sixty (60) Days, Article 27 hereof shall apply.

2. Technical Deficiencies of Submarine 1

If the below mentioned performance values should not be reached and not remedied until delivery of the Submarine 1 or such other time as mutually agreed upon, the Contractor shall pay to the Purchaser liquidated damages for the full and final satisfaction of all claims as follows:

2.1. Submarine 1 Surface Stability MG (Metacentric Height) as per Annex B

The stability trial shall furnish the proof of surface stability data as defined in the Technical Specification of Appendix 1 to Annex A, Attachment 1 to PBS O, page 2. A stability trial shall be performed and readings shall be taken in the same weight condition as if ready for operation. In case of a decrease in the said surface stability, the following liquidated damages shall be applied,

Decrease

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up to 10 % of the respective value 0,050 %

> 10 % to 20 % of the respective value 0,075 %

The above amounts of liquidated damages are not cumulative.

2.2. Submarine 1 Submerged Stability BG (Stability Height) as per Annex B

The stability trial shall furnish the proof of submerged stability data as defined in the Technical Specification of Appendix 1 to Annex A as per Attachment 1 to PBS O, page 2. A stability trial shall be performed and readings shall be taken in the same weight condition as if ready for operation. In case of a decrease in the said submerged stability, the following liquidated damages shall be applied,

Decrease

up to 10 % of the respective value 0,050%

> 10 % to 20 % of the respective value 0,075%

The above amounts of liquidated damages are not cumulative.

2.3. Submarine 1 Reserve of Buoyancy as per Annex B

In the event that the Reserve Buoyancy with all ballast tanks blown is less than the value as defined in the Technical Specification of Appendix 1 to Annex A as per Attachment 1 to PBS O, page2, and proof given by calculation as defined in BV1033.2 Rule 13, the following liquidated damages shall be applied:

< 9.1 to 9,0	percent of surface displacement	0,1 %
< 9,0 to 8,6	percent of surface displacement	0,2 %
< 8,6 to 8,1	percent of surface displacement	0,6 %

The above amounts of liquidated damages are not cumulative.

2.4. Submarine 1 Maximum Submerged Speed, Battery as per Annex B

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The maximum speed trial shall furnish the proof of the submerged speed data in battery operation mode, as defined in the Technical Specification of Appendix 1 to Annex A as per Attachment 1 to PBS 0, page 3. A speed trial shall be performed in the submerged mode and readings shall be taken in the same weight condition as if ready for operation. As condition a complete set of new batteries (GFE) has to be installed as part of the repair program. In the event the submerged speed of the Submarine as defined in the Technical Specification is not reached in the trial, the following liquidated damages shall be applied:

Decrease of speed from

> 0,0 to 0,3 knots	0,000%
> 0,3 to 0,6 knots	0,190%
> 0,6 to 0,8 knots	0,375%
> 0,8 to 1,1 knots	0,540%

The above amounts of liquidated damages are not cumulative.

2.5. Submarine I Maximum Submerged Speed, Fuel Cell as per Annex B

The maximum speed trial shall furnish the proof of the submerged speed data in fuel cell operation mode as defined in the Technical Specification of Appendix 1 to Annex A as per Attachment 1 to PBS 0, page 3. A speed trial shall be performed in the submerged mode and readings shall be taken in the same weight condition as if ready for operation. In the event the submerged speed of the Submarine as defined in the Technical Specification is not reached in the trial, the following liquidated damages shall be applied:

Decrease of speed from

> 0,0 to 0,1 knots	0,000%
> 0,1 to 0,2 knots	0,190%

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> 0,2 to 0,3 knots	0,375%
> 0,3 to 0,4 knots	0,600%

The above amounts of liquidated damages are not cumulative.

2.6.1 Submarine I Maximum Snorkelling Speed, Diesel as per Annex B

The maximum speed trial shall furnish the proof of the snorkelling speed data in diesel operation as defined in the Technical Specification of Appendix 1 to Annex A as per Attachment 1 to PBS 0, page 3. A speed trial shall be performed in the snorkelling mode and readings shall be taken in the same weight condition as if ready for operation. In the event the snorkelling speed of the Submarine as defined in the Technical Specification is not reached in the trial, the following liquidated damages shall be applied:

Decrease of speed from

> 0,00 to 0,25 knots	0,000%
> 0,25 to 0,50 knots	0,150%
> 0,50 to 0,75 knots	0,300%
> 0,75 to 1,00 knots	0,450%


The above amounts of liquidated damages are not cumulative.

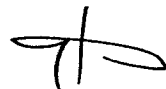
2.7. Submarine I Maximum Surface Speed, Diesel as per Annex B

The maximum speed trial shall furnish the proof of the surface speed data in diesel electric mode as defined in the Technical Specification of Appendix 1 to Annex A as per Attachment 1 to PBS 0, page 3. A speed trial shall be performed in the surface mode and readings shall be taken in the same weight condition as if ready for operation. In the event the surface speed of the Submarine as defined in the Technical Specification is not reached in the trial, the following liquidated damages shall be applied:

Decrease of speed from

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> 0.0 to 0.25 knots 0,000%

> 0.25 to 0.5 knots 0,075%

> 0.5 to 0.75 knots 0,150%

> 0.75 to 1.0 knots 0,225%

The above amounts of liquidated damages are not cumulative.

2.8. Submarine 1 Max. Submerged Cruising Range, Battery at 4 knots as per Annex B

In the event the cruising range submerged, battery operation of the Submarine as defined in the Technical Specification of Appendix 1 to Annex A as per Attachment 1 to PBS 0, page 3, is not reached by calculation based on tests and trials, an excess of the actual value of cruising range submerged, fuel cell operation run against the values as defined in the Technical Specification of Appendix 1 to Annex A as per Attachment 1 to PBS 0 shall be credited against the shortfall. As condition a complete set of new batteries (GFE) has to be installed as part of the repair program. In case of a further shortfall, the following liquidated damages shall be applied,

Decrease of cruising range from

> 0 nm to 25 nm 0,00%

>25 nm to 30 nm 0,05%

>30 nm to 35 nm 0,10%

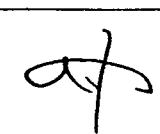
>35 nm to 40 nm 0,25%

>40 nm to 50 nm 0,55%

The above amounts of liquidated damages are not cumulative.

2.9. Submarine 1 Submerged cruising range, with Fuel Cell at 4 knots as per Annex B

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In the event the cruising range submerged, fuel cell operation of the Submarine as defined in the Technical Specification of Appendix 1 to Annex A as per Attachment 1 to PBS 0, page 3, is not reached by calculation based on tests and trials, an excess of the actual value of the cruising range submerged, battery operation against the values as defined in the Technical Specification of Appendix 1 to Annex A as per Attachment 1 to PBS 0 shall be credited against the shortfall. In case of a further shortfall the following liquidated damages shall be applied:

Decrease of cruising range from

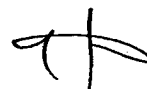
> 0 nm to 70 nm	0,00%
> 70 nm to 90 nm	0,15%
> 90 nm to 110 nm	0,30%
> 110 nm to 130 nm	0,45%
> 130 nm to 150 nm	0,60%
> 150 nm to 170 nm	0,80%

The above amounts of liquidated damages are not cumulative.

2.10. Submarine I Tactical indiscretion rate at SOA 6 kts as per Annex B

The tactical indiscretion trial shall furnish the proof of the tactical indiscretion rate as defined in the Technical Specification of Appendix 1 to Annex A as per Attachment 1 to PBS 0. A tactical indiscretion trial shall be performed and readings shall be taken in the same weight condition as if ready for operation. As condition a complete set of new batteries (GFE) has to be installed as part of the repair program. In the event the tactical indiscretion rate of the Submarine as defined in the Technical Specification is not reached by calculations based on tests and trials, the following liquidated damages shall be applied:

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Exceeding of tactical indiscretion rate (absolute) from

> 12,600% to 13,500 %* 0,000%

> 13,501 % to 13,650 % 0,187%

> 13,651 % to 13,900 % 0,375%

> 13,901 % to 14,150 % 0,560%

> 14,151 % to 14,400 % 0,750%

*contains calculation tolerance of 6 %.

The above amounts of liquidated damages are not cumulative.

2.11. Submarine I Tactical diameter as per Annex B

The tactical diameter trial shall furnish the proof of the submerged data as defined in the Technical Specification of Appendix 1 to Annex A as per Attachment 1 to PBS O. page 4. A tactical diameter trial shall be performed and readings shall be taken in the same weight condition as if ready for operation. In the event the tactical diameter at submerged condition of the Submarine is greater than the figure as defined in the Technical Specification in the trial, the following liquidated damages shall be applied:

Exceeding of tactical diameter from

> 0,0 to 0,1 boat lengths 0,075%

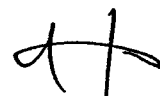
> 0,1 to 0,25 boat lengths 0,100%

> 0,25 to 0,5 boat lengths 0,125%

The above amounts of liquidated damages are not cumulative.

2.12. Submarine I Environmental conditions of CO2 as per Annex B

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The environmental trial shall furnish the proof of the environmental conditions of CO₂ as defined in the Technical Specification of Appendix 1 to Annex A as per PBS 4, Bgr. 4675. In the event the environmental conditions of CO₂ of the Submarine are exceeding the figure as defined in the Technical Specification in the trial, the following liquidated damages shall be applied:

Exceeding of CO₂ concentration to a concentration of

> 0,501 % to 0,800 %	0,010 %
> 0,801 % to 0,850 %	0,020 %
> 0,851 % to 0,900 %	0,120 %
> 0,901 % to 0,950 %	0,160 %
> 0,951 % to 1,000 %	0,200 %

The above amounts of liquidated damages are not cumulative.

2.13. Submarine I Cavitation

The cavitation trial shall furnish the proof of the cavitation data as defined in the Technical Specification of Appendix 1 to Annex A as per Attachment 1 to PBS 0, page 4. A cavitation trial shall be performed and readings shall be taken in the same weight condition as if ready for operation.

Decrease of inception speed cavitation from

> 0,0 kts to 0,5 kts	0,000 %
> 0,5 kts to 1,0 kts	0,200%
> 1,0 kts to 1,5 kts	0,400%
> 1,5 kts to 2,0 kts	0,600%
> 2,0 kts to 2,5 kts	0,800%
> 2,5 kts to 3,0 kts	1,000%

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The above amounts of liquidated damages are not cumulative.

2.14 Waterborne Noise

2.14.1. Submarine 1 Dynamic Radiated Broadband Waterborne Noise as per Annex B for the entire Submarine

The dynamic radiated broadband waterborne noise level (with Bandwidth 1/3 Octave in the range of 16Hz to 16 kHz) measurement trial shall furnish the proof of the improvement for dynamic radiated broadband waterborne noise data for the respective Submarine as defined in the Technical Specification of Appendix 1 to Annex A, Status Report No. 0190.2.

A dynamic radiated broadband waterborne noise level measurement trial shall be performed and readings shall be taken in the same weight condition as if ready for operation.

In the event that the improvement for the noise level L_i exceeds the noise level LLC of the Reference Limit Curve for the respective Submarine for dynamic radiated broadband waterborne noise spectra (as specified in Appendix 1 to Annex A, Status Report No. 0190.2) the following liquidated damages shall be applied:

In case that

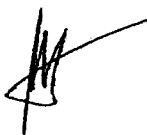
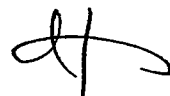
- AV is positive but not greater than 1 dB
- or
- three L_i exceed by more than 3 dB but not more than 4 dB
- or
- four L_i exceed by more than 2 dB but not more than 3 dB

0,06 % for Submarine 1

In case that

- AV is greater than 1 dB but not greater than 2 dB

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or

- four Li exceed by more than 3 dB but not more than 4 dB

or

- five Li exceed by more than 2 dB but not more than 3 dB

0,12 % for Submarine 1

In case that

- one Li exceeds by more than 4 dB but less than 5 dB

0,06 % for Submarine 1

- one Li exceeds by more than 5 dB but less than 6 dB

0,12 % for Submarine 1

The above amounts of liquidated damages are not cumulative.

2.14.2 Submarine 1 Stationary Radiated Broadband Waterborne Noise as per Annex B (for each of the six equipment) (not applicable for Submarine 2 and 3)

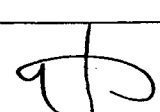
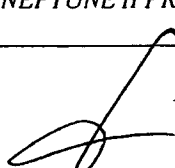
The stationary radiated broadband waterborne noise level (with Bandwidth 1/3 Octave in the range of 16Hz to 16 kHz) measurement trial shall furnish the proof of the improvement for stationary radiated broadband waterborne noise data for the respective equipment as defined in the Technical Specification of Appendix 1 to Annex A, Status Report No. 0190.2.

A stationary radiated broadband waterborne noise level measurement trial shall be performed and readings shall be taken in the same weight condition as if ready for operation.

In the event that the improvement for the noise level Li exceeds the noise level LLC of the Reference Limit Curve for the respective equipment for stationary broadband waterborne noise spectra (as specified in Appendix 1 to Annex A, Status Report No. 0190.2) the following liquidated damages shall be applied:

In case that

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- AV is positive but not greater than 1 dB

or

- three Li exceed by more than 3 dB but not more than 4 dB

or

- four Li exceed by more than 2 dB but not more than 3 dB

0,01 % for the respective equipment

In case that

- AV is greater than 1 dB but not greater than 2 dB

or

- four Li exceed by more than 3 dB but not more than 4 dB

or

- five Li exceed by more than 2 dB but not more than 3 dB

0,02 % for the respective equipment

In case that

- one Li exceeds by more than 4 dB but less than 5 dB

0,01 % for the respective equipment

- one Li exceeds by more than 5 dB but less than 6 dB

0,02 % for the respective equipment

The above amounts of liquidated damages are not cumulative.

2.14.3 Submarine 1 Stationary Narrow Band Waterborne Noise as per Annex B for each of the six equipments (not applicable for Submarine 2 and 3)

The stationary narrow band waterborne noise level (with Bandwidth 1Hz in the range 10Hz to 1500 Hz) measurement trial shall furnish the proof of the

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improvement for stationary narrow band waterborne noise data for the respective equipment as defined in the Technical Specification of Appendix 1 to Annex A, Status Report No. 0190.2.

A stationary narrow band waterborne noise measurement trial shall be performed and readings shall be taken in the same weight condition as if ready for operation.

In the event that the improvement for the point of highest value of the curve for the respective equipment for stationary narrow band waterborne noise spectra (as specified in Appendix 1 to Annex A, Status Report No. 0190.2) cannot be fulfilled the following liquidated damages shall be applied:

Improvement 5 dB to 3 dB 0,00 % for the respective equipment

Improvement 3 dB to 2 dB 0,03 % for the respective equipment

Improvement 2 dB to 0 dB 0,06 % for the respective equipment

The above amounts of liquidated damages are not cumulative for the respective equipment.

2.15 Combat System Sensor Accuracy Criteria

If the measured values for the Combat System Sensors and TMA accuracies do not reach the values as laid down in Appendix 1 to Annex B for Submarine 1 the following liquidated damages shall apply as connected to the categories (Steps) 1 to 3 which are in detail laid down in Annex U:

for Step 1 0,10%

for Step 2 0,20%

for Step 3 0,30%

The above mentioned values shall apply for the Combat System Sensors with the exception of Radar and ESM for which three quarters (3/4) of the values of liquidated damages of the above mentioned steps shall apply.

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