Preliminary Note: Greece-Litton Industries: Agreement for the Development of Crete and the Western Peloponnesos

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GREECE-LITTON INDUSTRIES: AGREEMENT FOR THE DEVELOPMENT OF CRETE AND THE WESTERN PELOPONNESOS*
[Signed at Athens, May 15, 1967]

Preliminary Note**

The discussions between the two parties which led eventually to this contract started in 1964 and were continued under successive cabinets. A draft, agreed upon early in 1966, was submitted for study to a government appointed committee of experts, which recommended its adoption, subject to amendments specifying more clearly the company's duties and providing for a straight 3.75% fee on foreign capital "secured" by the company, instead of a graduated "incentive fee," ranging from 3.5% to 5.5%, as provided in the original draft. Most of the recommendations were accepted and an additional protocol was signed in May 1966; its provisions were incorporated in a final draft released on July 9, 1966.

The agreement soon became the object of heated debate in the press and in Parliament. Its proponents stressed the need for the technical services the company could provide and the adequacy of the provisions on governmental supervision over performance. Critics took issue with particular aspects of the contract, such as the fee schedule, the cost-plus concept, and the low degree of governmental control; they objected further to the general structure of the relationship between state and company, especially to the triple role of Litton as technical adviser, investor, and investment-promoter. Some proposed instead that the company be hired only as technical adviser. These attacks, combined with the precarious position of the cabinet then in power, made ratification of the agreement by Parliament quite doubtful.

Late in September of 1966 the company withdrew its offer, citing the "heated political controversy," as a result of which "successful performance of the contract could be seriously impaired."

Negotiations were promptly resumed after the military coup d'état of April 21, 1967. The agreement signed on May 15, 1967, reproduces in the main the July 1966 draft, with a further reduction of the fee for securing foreign capital (see Article 3 (3) (b)). The agreement was ratified by "Law of Necessity" No. 16/1967, issued on May 24 and published in the Government Gazette on May 31, 1967.

Since then the company has set up its headquarters in Greece and has been conducting regional development studies and investment surveys. Announced investment plans envisage building and operation of a $3.5 million tourist complex and establishment of an electronic parts plant, both in Crete, by members of the Litton Industries group. Company officials have denied newspaper reports that the first-phase goals specified in the agreement (see Article 3 (2)(a)) have not been met. In late December 1968, it was reported that Litton was acting as intermediary in negotiations with Fiat for the establishment of a plant in Western Peloponnese. According to a recent company announcement, proposals for these and other investment projects, including a brewery, can-manufacturing plants and an acrylic fiber plant, have been submitted to the Greek authorities.

Aside from the Greek venture, Litton Industries is conducting a regional "socio-economic study" in Ecuador on behalf of the Inter-American Development Bank and has negotiated two regional development agreements in Portugal and Turkey. The latter appear to involve the preparation of comprehensive technical and economic studies and the submission of proposals to the respective governments, with no special decision-making, investing, and investment-inducing role for the company.

*[Reproduced from the Government Gazette (Ephimeris tis Kyverniseos) of the Kingdom of Greece, Fasc. I, No. 88 (May 31, 1967).]*

**[This Preliminary Note was prepared for International Legal Materials by A. A. Fatouros, Professor of Law, Indiana University.]
AGREEMENT

Between the KINGDOM OF GREECE, on one hand, legally represented by its Government, and such Government legally represented by His Excellency the Minister of Coordination, hereinafter referred to as the Government, and on the other hand, N. V. LITTON — BENELUX, S. A., which is a private enterprise with its seat in Brussels, Belgium, legally represented by Mr. Pierre Alphonse GUILLAUME, in accordance with Article 22 of the Articles of Association, hereinafter referred to as LITTON.

The following has been convened and agreed upon, which will be put into effect from the date of Publication in the Official Gazette of the Law of Necessity, ratifying the present Agreement.

Article 1.
Scope and Description of the Services to be performed by LITTON.

1. This Agreement establishes relationships, arrangements, and funds for organization and implementation services by Litton on behalf and under the direction of the Government in the general plan of economic development of certain areas in Crete and in the Western Peloponnisos. As used in this Agreement, economic development is the development of resources, social and economic in nature, which are directly related to the economic growth. The services to be performed by Litton hereunder are to be the best efforts of Litton: Litton is liable for the performance of such best efforts with due diligence. The degree of such diligence of Litton is the one that the Government may expect considering the very high level of Litton's technical abilities and specialized knowledge, as a consequence whereof the Government decided to enter into the present Agreement with it.

It is made clear that this present Agreement confers no exclusive rights on Litton with respect to the elaboration, implementation and/or financing of the economic development programs for the two areas, the Government being free to award the elaboration of series of studies necessary for the planning and implementation of the economic development programs of the two areas, that is the studies and feasibility reports, the final reports, the construction drawings etc., as well as the supervision of the works being carried out by Litton pursuant to the Agreement; Litton is liable for the performance of such best efforts with due diligence. The degree of such diligence of Litton is the one that the Government may expect considering the very high level of Litton's technical abilities and specialized knowledge, as a consequence whereof the Government decided to enter into the present Agreement with it.

a) Organization.

Litton shall establish and maintain in operation an organization, as more fully set forth in Attachment A, attached hereto and made a part of this Agreement.

b) Functions.

The organization, as provided in 1. a) above, shall:

1. Establish procedures, methods and measures (with alternatives) for the economic development of certain areas in Crete and in Western Peloponnisos and submit these procedures, methods and measures to the Liaison Team as provided in Attachment A.

2. Review, as requested by the Government, the Government's economic plans for the said areas in Crete and in Western Peloponnisos and present to the Government alternate solutions for final evaluation, decision, and implementation thereof by the Government.

3. Act as supervising and surveying Agent of the Government for the projects ordered for implementation by the Government. During the performance of this function, the organization shall advise and familiarize officials of the Government in up-to-date methods of management and organization techniques. Litton's activities as supervising and surveying Agent shall be exercised through administrative acts of the Government.

4. Solicit capital on terms and conditions consistent with those available internationally to Greece from private and foreign governmental and supranational sources to finance the development projects in whole or in part.

c) Method of Operation.

1. The Litton Organization to be established by Litton pursuant to 1. a) above, shall utilize the method of operation as set forth in Attachment A; provided, however, that if Litton develops new techniques of organization and management which increase efficiency and economy, then it may implement such new techniques following their approval by the Government.

2. Within the framework provided in Article 3 hereof, Litton shall endeavor to enlarge and to supplement the organization to be established hereunder in order to render possible the implementation of such development projects as shall be assigned to Litton by the Government pursuant to the procedures established under this Agreement.

3. Litton shall also endeavor to reduce the organization established herein to eliminate any excess capacity in relation to the work assigned to it if such are determined by Litton or the Government to exist. Such reduction shall be subject to mutual agreement and shall be covered by appropriate amendments as provided in Article 11 of this Agreement including an equitable readjustment in costs and fees as set forth in Article 3.

4. Litton shall, whenever in its judgment possible, employ the existing scientific and technical potential of Greece. Except as may be inconsistent with any other provision of this Agreement, Litton shall endeavor to impart to the Greek personnel employed in the framework of its activities, its best knowledge of modern technology and organization techniques and methods.

5. It is clarified that the obligations undertaken by Litton pursuant to the Agreement, which are covered by the costs, fees and other expenses determined in said Agreement, include the preparation of the entire series of studies necessary for the planning and implementation of the economic development programs of the two areas, that is the studies and feasibility reports, the final reports, the construction drawings etc., as well as the supervision of the works being carried out by the State as well as by any private contractors. The term supervision is understood under its complete meaning. The technical and economic reports which, following decision taken in accordance with the procedure stipulated by the Agreement, shall be financed by multilateral Government financing Organizations, such as the International Bank etc., shall be presented by Litton in accordance with the prerequisites required for their acceptance by such Organizations. In case Litton does not possess the necessary capacities for presenting such studies, it shall be responsible for the presentation of such reports through a source possessing the capacities in question. In this case, any additional costs shall be at Litton's charge.

6. Litton Benelux or any enterprise of the Litton Industries Inc., Group, as well as any other enterprise depending from this group, or an enterprise wherein Litton Industries Inc., participates by any percentage whatsoever, or any affiliated company thereof, cannot participate in competitions, bidding etc. for the construction of works to be decided pursuant to the present Agreement. Likewise the companies in question cannot even be directly awarded the construction of such works.

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Duration and Termination of Agreement.

1. The present Agreement shall be effective for an initial period of four consecutive phases, beginning as from the date of signing of the Agreement. The first phase ends on December 31, 1967, and the remaining three phases are determined as twelve month periods each, beginning on January 1st and ending on December 31st of each of the years 1968, 1969 and 1970. Upon completion of the fourth phase, the present Agreement is automatically renewed for another twelve-month phase, and than for consecutive twelve-month phases, unless the Agreement should be terminated through notice of termination pursuant to the provisions of paras. 2, 5, and 6 below. However, the intention of the parties to this Agreement is that the offer and acceptance of services pursuant to the terms of the present Agreement and to any future amendments thereof, shall extend for a total period of twelve phases of twelve months each (except that the first phase shall extend from the execution of the Agreement to December 31, 1967).

2. After the end of the initial four phases (December 31, 1970) either party to this Agreement is entitled to terminate the Agreement, giving notice of termination by registered letter mailed not later than six months prior to the end of the phase within which occurs the notice of termination. In case of such notice of termination by any of the parties, Litton shall normally continue its business to the extent feasible, making at the same time every possible effort to complete its work and services pursuant to the Agreement by the end of the phase in question. In case Litton cannot complete its business within the time remaining after the notice of termination, all payments in general and the grants set forth in Article 6, paras. 3 to 9 shall be continued as before for such time as necessary for the completion of its business and the relevant expenditure shall be liquidated pursuant to Article 3. Litton shall, if Government so requests, speed up the completion of its business as well as possible. The same shall apply as to both contracting parties in case of occurrence of events of force majeure as provided in Article 8 hereof.

In case that the execution of the works is not possible due to the lack of foreign capital or due to the not profitable terms under which such capital is offered, the Government is in addition thereto free to terminate the present Agreement under the prerequisites of Article 3, para. 2, after the end of the first phase as well as during each one of the subsequent three phases. The terms are considered as not profitable and, therefore, are equal to lack of capital in such cases where the interest rate is in excess of 2 units above the average official discount interest rates in West Germany, Switzerland, France and New York. For the rest, the provisions of this paragraph shall even on such termination apply.

3. Following notice of termination of the Agreement as provided in para. 2. above or in 5 or 6 below, Government shall continue to pay Litton’s progress and final invoices as provided in Article 4. Government shall pay Litton for any costs incurred in connection with the termination of its business in Greece. Business as used therein means Litton’s conduct of operations and offices. The inception of new projects and programs after receipt of the notice of termination is excluded.

4. The machinery, equipment, and parts not paid for by the Government under this Agreement and not consumed in the performance of this Agreement shall be, at Litton’s discretion, after the completion of the projects or upon termination by either party of this Agreement, pursuant to paras. 2, 5 and 6, exported free of any duty or claims of the Government or offered to the Government for purchase at a fair and reasonable market price (to be fixed, in case of disagreement, by arbitration pursuant to Article 7).

5. Litton shall have the right to terminate this Agreement for important cause at any time by written, 90-days’ notice to the Government. As important causes for such termination are hereby agreed by the parties the failure of the Government to proceed, as provided hereunder, to payment of the amounts due within the set time limits, the suspension of advance payments by the Government for causes on which the Government and Litton cannot agree, as well as any other transgression of an essential term of the Agreement. Prior to the termination of the Agreement by Litton for important cause, the latter shall give the Government a written notice of its intent to terminate the Agreement, explaining at the same time the basic causes for such action and setting to the Government a time limit of sixty days for remedying the causes of termination, except in the event of termination on account of delay in payments due under this Agreement, in which case the time limit is reduced to thirty days from the service of the notice. In case of termination for important cause by Litton and annulment thereby of the Agreement, the Government shall pay all pending invoices within the time limit provided in the notice and shall pay all due fees corresponding to actual costs to the date of expiry of the phase during which the termination for important cause took place. It shall also pay Litton all costs manifestly incurred by Litton during the procedure of termination of its business in Greece, and shall continue the grants provided in Article 6, paras. 3 to 9 for the period required by Litton to complete its business. In addition to the above, Litton shall be entitled, under express reservation of the provision of para. 7 of the present Article, to claim all its rights acquired at the time of termination of the Agreement.

6. The Government has likewise the right to terminate the present Agreement for important cause. As such cause is agreed by the parties the failure of Litton to remedy the basic cause for the Government as herein agreed by Litton of any essential term of the Agreement. Prior to such notice of termination the Government shall give in writing a 90-days’ notice to Litton of its intent to terminate and shall explain at the same time the basic causes for such action and set a time limit of 60 days for remedying the causes of such termination. In the event that Litton should not proceed to such remedy, the Government may terminate the Agreement with Litton. In such case Litton shall exert its best efforts to terminate its work in Greece as rapidly as possible, and the Government shall pay all progress and final invoices as well as all costs manifestly incurred by Litton for the termination of its business in Greece. The Government shall continue the grants provided in Article 6, paras. 3 to 9, for such time as required for the termination of the work of Litton. In addition to the above Litton shall, under express reservation of the provisions set forth in para. 7 of this Article, be entitled to claim all its rights acquired at the time of termination of the Agreement.

7. Beyond the aforementioned consequences of the termination of the Agreement referred to in paras. 5 and 6 above, neither of the parties is entitled to any further indemnity.
Article 3.

Reimbursement of Costs and Other Expenses and Fees

1. Costs: The Government shall reimburse Litton for all costs incurred in performing the services set forth in Article 1. The ceiling amount of such costs, not including the fees corresponding to such costs, is fixed at $1,200,000 for the first phase, $2,160,000 for the second phase, $3,150,000 for the third phase and $3,600,000 for each of the subsequent phases. These amounts are subject to change only by mutual agreement as set forth in Article 11.

2. Litton shall develop its organization in accordance with the schedule set forth in Attachment C, Expected Cost Level, Cumulative and Annual Rates, attached hereto and made a part of this Agreement, based upon the following terms:

a) At the end of the first phase (December 31, 1967); Liaison Team I shall evaluate the possibilities for the economic development of the areas covered by this Agreement, resulting from the operation of the organization during the first phase and shall make the decisions necessary to cause the future work schedule to conform to the curve set forth in Attachment C. The desired goal at the end of the first phase is to have suggested projects that would require approximately $50 million invested capital and that such capital is committed or solicited or deemed available or that efforts have been undertaken to secure such capital during the next phase. For the purpose of this estimate, Attachment B shall not apply. Based on the evaluation as provided herein, Liaison Team I shall take appropriate steps either to implement the results of the operation or to remedy to the extent possible any adverse conditions which may have, for reasons beyond the control of both parties, prevented the achievement of the desired goals.

b) At the end of the 24th month following the signing of the Agreement, Liaison Team I shall evaluate the work accomplished within the framework of this Agreement and shall give its opinion as to whether the contractual relation may be continued. Among the criteria upon which the opinion of the Liaison Team I will be based as above is mainly included the assessment that at the end of the 24th month following the signing of the Agreement, the Litton Organization is engaged in the implementation of programs which have as a prerequisite a total investment of at least U.S. $120 million and that the necessary funds have been secured at that time so that the implementation of the programs may be considered as insured. At the end of the fourth phase the possibility of continuation of the contractual relation will depend on whether by that time the activities pursuant to the present Agreement shall have produced a work representing total investments of at least U.S. $240 million including the projects completed by that time as well as the projects under implementation, provided, the capital required to finance the latter projects has definitely been committed.

If, in the case of para b), i.e. at the end of the 24th or 56th month it appears that the above assumptions have not materialized, the following possible solutions are hereby agreed upon:

1. Government or Litton shall decide either to cut down the growth of the organization or to maintain the then existing organization until such time as adequate results are obtained as to be agreed by both parties.

2. Government or Litton may terminate this Agreement if Litton informs the Government that due to prevailing conditions, capital commitments to be solicited by Litton do not meet project requirements. In this event, Article 2 para. 2 shall apply.

c) The aforementioned sums are based on the assumption that the Government shall commit a minimum of $30 million annually for projects under this Agreement, so that the total capital at the end of the fourth phase shall aggregate a total commitment of $240 million. It is understood that the available Government funds must fit the needs of the program as established by Liaison Team I.

3. Fees: The Government, in addition to the costs as provided in 1 above, shall pay Litton:

a) A fixed fee of 11% on actual costs incurred in performing the services pursuant to this Agreement;

b) A fee on the foreign capital secured by Litton for establishing; extending loans to, capitalizing or expanding productive industries or any other form of public or private enterprises intended to operate in the areas provided by the present Agreement, which fee is fixed as follows:

   a) 2.25% shall be applicable to equity capital, such capital being on terms of 15 years;

   b) 1.90% shall be applicable for foreign loans procured on terms of 10 years;

   c) 2.25% shall be applicable for foreign loans procured on terms of 15 years.

Any proposals for financing by Litton which are not covered by the Agreement, shall be examined individually by the Government and Litton.

It is made clear that Litton shall not be entitled to any fees for capital imported and originating from multilateral Governmental organizations, including the International Bank for Reconstruction and Development, the International Finance Corporation and the European Investment Bank.

4. Other Expenses.

The above ceiling amounts and fees are based on the assumption that all the exemptions listed in Article 6, paras. 3, 4 and 5 below, shall be without exception granted. If applicable law should prohibit full or partial granting of the listed exemptions to Litton, the Government shall reimburse Litton over and above the ceiling amounts and fees for all such expenses.

5. The costs provided for each phase are ceilings and shall be payable only and to the extent that they are made and actually cover services offered and projects performed by Litton pursuant to the true meaning of this Agreement.

Article 4.

Payments

1) Down Payment

a) Initial Down Payment

Within 30 days after the signing of this Agreement, the Government shall make a down payment to Litton amounting to U.S. $1,200,000.

b) Subsequent Down Payments

At the beginning of each consecutive phase, the Government shall make any additional payments necessary to bring the previous down payment total to 50% of the allowable cost and to 50% of the fixed fee for the phase then beginning as specified in Article 3, 1) and 2) above.
c) Partial Blocking of Down Payment
Beginning with the second phase of this Agreement as well as with any subsequent phase, the Government shall pay 20% of the down payment due for the phase by issuing an irrevocable letter of credit with the Bank upon any active participation in political activities in Greece. Litton shall employ all its efforts, knowledge, experience, and capability in order to contribute to the successful fulfillment of the goals of this Agreement as provided in Article 1, 1). The Government shall take all necessary steps to render possible the fulfillment of the goals of this Agreement by Litton.

2) Progress Payments of Cost and Fixed Fee
Litton shall submit monthly invoices for expenses incurred and for the fixed fee of the preceding month. The Government shall pay these invoices within 15 days after submission by Litton. That portion of the invoice which represents costs shall be accompanied by duly verified supporting documents as provided in para. 6) below.

3) Payments of Incentive Fee Provided in Article 3, para. 3) b).
Payment of the applicable fee shall be made in full on the total value of investment, not later than 30 days after the first installment of the capital or loan in Greece.

4) Currencies in Which Payments Are to be Made.
All payments shall be in U.S. Dollars to Litton’s account at the Union Bank of Switzerland, Zurich, Switzerland, except for payments made to reimburse Litton for that portion of costs incurred by Litton in Drachmae in Greece. In every invoice Litton shall show the amount paid in drachmae, and that amount shall be paid Litton by the Government in Drachmae.

5) Repayment of Down Payment.
Upon expiration or termination of this Agreement, or of any extension hereunder, and upon final payment to Litton by the Government, Litton shall repay to the Government the amount paid by the Government as down payment under 1) b) above.

6) Immediately upon the signing of this Agreement, the Minister of Coordination shall appoint a chartered accountant from the list of the Greek Certified Accountants Association submitted to the Minister by the President of the Supervising Board of said Association. Verification of monthly invoices mentioned in para. 2) above shall be made by the chartered accountant within the time set for payment thereof. A yearly audit shall be made by such chartered accountant.

The annual auditing report of the accountant and his verification of the invoices shall not preclude either of the parties from settling any claims or disputes through the arbitration procedure set forth in Article 7. All costs incurred by or for such account shall be paid by the Government and shall be exclusive of other costs incurred within the scope of this Agreement. It is further agreed that Litton is not entitled, in respect of such accountant’s costs, to the fee provided in Article 3, para. 3) a) hereof.

Article 5.
Obligations of Litton.
1) Litton is a privately established, non-political business enterprise. Therefore, Litton shall refrain from any active participation in political activities in Greece. Litton shall employ all its efforts, knowledge, experience, and capability in order to contribute to the successful fulfillment of the goals of this Agreement as provided in Article 1, 1). The Government shall take all necessary steps to render possible the fulfillment of the goals of this Agreement by Litton.

2) Litton shall act as the faithful servant of the Government. Litton shall, by employment of its skills and experience, determine and pursue through this Agreement the best interest of the Country. As requested by the Government through Liaison Team 1, Litton shall explain to Government, or to an agency or individual designated by Government, its evaluation of the best interest in respect of the fulfilment of the goals of the Agreement.

3) In order to establish the cooperation and confidence necessary to attain the goals of this Agreement, Litton shall provide, as requested by the Government through Liaison Team 1, synoptical information pertaining to the discharge of its obligations and furnish explanations of its plans, projects, and operations. Government shall limit such requests to a reasonable degree so as not to impede the operations of Litton.

Further, Government and Litton shall jointly establish a Liaison Team, as more fully set forth in Attachment A, to safeguard the free exchange of information necessary to further the common goal. Government shall designate to Litton the Government’s appointees to the Team without delay after the execution of the Agreement, and the Government shall attempt to maintain as high as possible a degree of continuity for the members of this Team throughout the duration of this Agreement with Litton.

4) Litton shall establish, within the framework of the definition of services to be rendered, an accounting and cost control system in accordance with best corporate and commercial practices to ensure a high rate of cost effectiveness.

5) Litton shall not bind or commit the Government to any Third Parties whether individuals or legal entities. Relationships with Third Parties shall be exclusively established between Government and the Third Party concerned. Government shall hold Litton harmless of all claims of Third Parties arising out of Litton’s performance of this Agreement. But Government shall not be responsible towards Litton and Third Parties for any fault or failure of Litton’s personnel in or during the execution of this Agreement.

Government retains the exclusive right to enter into contracts with Third Parties recommended by Litton; in the event that the Government declines such recommendation, it shall inform Litton of the reasons thereof unless the disclosure of such reasons would in Government’s opinion be against its best interests.

Litton shall wherever possible base its recommendations solely on the principles of competitive bidding, cost effectiveness, and technical skill. Litton’s responsibility is limited to the rendering of recommendations for the services set forth in Article 1, 1).

6) Litton shall employ its Greek technical, administrative and clerical personnel in accordance with the Greek laws. Privately negotiated employment contracts with such personnel shall be valid.

7) Litton shall propose procedures for training Government personnel and for the eventual assignment of operational responsibility to the Government.

Article 6.
Cooperation.
1) Government shall grant Litton access to all information, data, records, and other informational material in the Government’s possession which Litton may require and need for the successful carrying out of its obligations under this Agreement, provided this is not contrary to the Government’s interests or Government is not bound
to keep secret such information and records. Government shall ensure the cooperation with and assistance to Litton by promptly issuing instructions to Government agencies, authorities and ministries.

The Government shall cause its agencies to supply Litton with specific information on any development studies and infrastructure plans, reports, proposals, programs etc., which should emanate from or be known to its agencies. These shall include investment plans and financing requests submitted for approval and registration with Government-controlled investment and development plans when such plans concern a region of Litton’s activity, and Government agrees that the plans etc. applied for are required for the performance of the Agreement by Litton; and provided there is no binding obligation for keeping them in secrecy.

2) Government shall vest its representatives in Liaison Team I with the authority to pass or obtain decisions on Litton’s proposals or recommendations in accordance with the Procedural Rules in Attachment A, and specifically, within the time limits established by the Decision-Making Schedule in Attachment A. Such decisions shall be subject to approval by the Minister of Coordination and shall be enforced as administrative acts of same.

3) The Government, wishing to facilitate Litton’s efforts, shall exempt Litton to the extent permitted by the laws in effect on the date of the signing of this Agreement, for the duration of this Agreement from paying customs import dues and connected duties, revenue stamps, contributions turnover tax, luxury tax, and in general from any levy, right, or claim of the State or any one else that might exist or be imposed in the future on the assets, property, rights, equipment and any other matter belonging to Litton which are imported from abroad and intended to be exclusively used by Litton for the execution of this Agreement.

As used in this Article, Litton means all affiliates, subsidiaries, or parent organizations which may become active within the framework of this Agreement, and only as regards their activities connected with the execution of this Agreement.

4) To the extent permitted by the laws in effect and subsequent amendments thereof on the date of the signing of this Agreement, including possible future amendments, the Government shall exempt Litton from paying import duties or any other dues, taxes, tariffs or withholding of the State or anyone else, which may exist or be imposed in the future, for the duration of this Agreement.

5) All duties, contributions, dues, import duties and dues (including revenue stamp dues) etc., as well as the income tax (as specified in paras. 3 and 4) above which may possibly be imposed shall be cleared and paid by the Government directly.

6) Any and all duties, contributions, fees, import duties and dues (including revenue stamp dues), or other dues or levies imposed by the State or any third party on any household or personal belongings of Litton personnel and their immediate family who are not Greek citizens shall be cleared and paid directly by the Government without delay. It is understood that such personal belongings shall be limited to the usual needs of the owner and may include, in any event, one passenger automobile per employee. Litton and Government shall cooperate to ensure that Litton employees shall limit their belongings to strictly personal requirements and that this provision is not abused. As members of the immediate family of the employees are considered all of his or her descendants, ascendants and his or her spouse.

7) All salaries paid for services rendered under this Agreement to Litton personnel who are not Greek citizens shall be paid exclusive of Greek income tax and related taxes and revenue stamp dues; therefore, such taxes, if any, on such nominal income shall be the obligation of and be paid directly by the Government.

8) For the proper functioning of the business of Litton, overtime occupation of its personnel shall be authorized whenever following prior approval of Liaison Team I and in accordance with Greek law.

9) Government grants Litton free convertibility and transfer of reimbursed costs, fees and any other remunerations received by Litton in connection with this Agreement, except costs paid in Drachmae in Greece.

Litton personnel who are not Greek citizens shall be entitled to convert and export their salaries except to the extent that they incur expenses in Drachmae in Greece, which, in case of doubt, shall be determined by Liaison Team I.

10) Government shall grant work permits and residence permits to such alien personnel as Litton may indicate to Government. Special wishes of the Government concerning such personnel shall be taken into due consideration by Litton.

Article 7.

Applicable Law, Arbitration.

1) Any and all disputes arising between the parties in connection with any matter arising out of, or relating to the Agreement, or to the interpretation and application of any provision thereof, or to a possible omission therein, which cannot be settled between the parties themselves, shall be submitted to arbitration by three disinterested arbitrators. Each of the parties hereto shall designate one arbitrator, and the two so designated shall select the third arbitrator. The arbitrator representing the Government shall be appointed by the Minister of Coordination.

2) The party desiring the arbitration shall serve to the other party written notice of its desire specifying the question or questions to be arbitrated and naming the arbitrator chosen by it. Within a reasonable time thereafter, not to exceed 20 calendar days, the other party shall give in a like manner written notice of its desire naming the arbitrator chosen by it. If either party shall fail to appoint an arbitrator within 20 calendar days after the other party shall have given written notice of its desire to arbitrate, the party having appointed the arbitrator may thereupon request the President of the Supreme Court of Greece to appoint the arbitrator for the party in default, and the President shall thereupon appoint such arbitrator. The two arbitrators so appointed shall appoint the third arbitrator. The party having appointed the arbitrator may request the President of the Supreme Court of Greece to appoint a third arbitrator. Persons other than Greek citizens may be appointed as arbitrators. The Board of arbitrators shall convene in Zurich, Switzerland unless the arbitrators decide to meet elsewhere by unanimous vote.

3) The three arbitrators thus appointed shall form the Arbitration Board. The third appointed arbitrator will be the presiding officer and named «Chairman of the Board». In the event a member of said Board, although twice successively invited by the Chairman by written notification served to him fifteen (15) days (calendar) at least prior to the date fixed for the hear-
in effect at the time of the dispute, which shall be
the law to be applied by the arbitration. The arbitration
decision shall be issued within 60 days beginning
from the appointment of the third arbitrator; in case
of replacement of an arbitrator as provided in the pre-
ceding paragraph, said 60-day term shall start from
the date of such replacement. This term may be ex-
tended for 30 additional days by a fully motivated
decision of the Board, and beyond 30 days upon
written consent of the parties.

5) The Arbitration decisions shall be rendered by
majority vote, the Chairman's vote prevailing in case
of a tie vote. The decision shall be made in writing,
shall be fully motivated, and shall be signed by at
least two arbitrators.

6) The arbitration decision shall be final and ir-
revocable, and the parties hereto expressly waive any
and all rights to attack the same through any ordinary
or extraordinary legal resorts or by recourse to any other
procedure. The arbitration decision shall also determine
the cost of the arbitration and the party which shall
bear them or the proportion of such cost to be borne
by each party. After their appointment, the arbitrators
may decide on the amount to be advanced by the
parties to cover the arbitration cost in general, which
amount shall be set off against the arbitration cost
to be determined by the decision of the arbitration
board.

Article 8.

Force Majeure.

1) In case during the period of the present Agreement,
a force majeure incident should occur as a result of
which the execution of the Agreement cannot be ful-
filled by Litton, Litton shall not be responsible towards
the Government. As force majeure incidents are men-
tioned herein indicatively the Acts of God, floods,
tempests, earthquakes, sabotage, uprising, civil war,
epidemics and generally incidents beyond the control
of Litton. Litton shall obtain insurance coverage against
such risks to the extent observed in normal business
transactions. In case Litton should sustain direct damage
as a result of the aforementioned force majeure incidents
for which Litton is not covered wholly or in part by
insurance, Government shall reimburse such damage
up to its uncovered actual amount.

2) In case of occurrence of a force majeure incident
as provided in the preceding paragraph and on the as-
sumption that this may cause the substantial frus-
tration of the goal of the Agreement in the justified
judgment of either party estimating its position in the
Agreement, either party may terminate the Agreement
for important cause.

In case the Agreement is terminated by any of the
parties for such cause, Litton shall and its operations
the soonest possible, Government being obliged to
continue the grants of Article 6, pars. 3) to 9) and
to approve the costs of Litton pursuant to Article 3
for such time as required for the termination of its
operations in Greece.

3) In case the Agreement is not terminated by any
of the parties despite the occurrence of a force majeure
incident, Government shall pay Litton (a) the actual
damages manifestly sustained by Litton as a result
of the force majeure incident, in case such damages
are not covered by insurance and are not included in
the ceilings provided in Article 3. In case of payment
to Litton of damages covered by insurance, Government
assumes the rights of the insured under the policy
towards the insurance company. And (b) shall continue
paying the costs and fee to Litton pursuant to Article
3 hereof provided and to the extent such costs and
fees are incurred and pertain actually to services of-
ferred and works executed by Litton under the meaning
of the present Agreement.

Article 9.

Third Party Liability

Government, within the framework of this Agreement,
shall hold Litton harmless of all claims raised against
it by Third Parties resulting from Litton's activities
in Greece with the exception of such acts of Litton
during the execution of this Agreement which are pro-
ved to be of malicious intent or negligence, and of
such acts of its personnel that are proved to be of malici-
ous intent or of negligence. Litton shall exercise its
best effort in selecting its employees according to its
requirements under this Agreement. Litton shall en-
joy the complete and unrestricted right to select can-
didates for placement in the Litton organization and
to set the terms and conditions of their employment.
Litton shall communicate to the Government copies
of employment contracts for personnel to be placed
in the Litton organization, within one month as from
their execution.

Article 10.

Protection of Proprietary Information, Rights and
Patents

Government shall assist Litton in the registration
and protection of any of Litton's rights, patents,
trademarks, proprietary information, designs, methods
and techniques held by Litton according to Greek
law and to International Conventional Law.

Government obligates itself to refrain and desist
from using or granting usage to anyone else, or making
possible such usage, and to prevent others from using
within Greece, any Litton-developed rights, trade-
marks, proprietary information patents, designs, me-
thods, and techniques protected under Greek law and
the International Conventional Law throughout the
life of this Agreement or after the termination thereof,
unless Litton permits or licenses Government to do so.

Article 11.

Complete Agreement, Changes.

This Agreement, including Attachments A, B, C, D
and E contains the complete Agreement between the
Government and Litton. There exists no other agree-
ment, understanding or relationship (orally or in writ-
ing) between the Government and Litton. Any change
The Development Section includes the following:

Group responsible for soliciting capital from private, foreign governmental and supranational sources—primarily outside of Greece-based on opportunities identified and defined by the Development and Integration Groups. Attempts to maximize the exploitation of present national potential by assisting in setting up marketing mechanisms, etc.

Article 12.

Language of Agreement.

This Agreement has initially been written in the Greek language. An official translation of the Agreement into the English language shall be approved and confirmed by Litton and the Government, by exchange of letters. Both the English and Greek versions of the Agreement will be official. In case of disputes or differences of interpretation, the Board of Arbitration established under Article 7 above, may refer to either or both versions.

ATTACHMENT A.

I. Introduction.

This Attachment «A» describes the organization and method of operation by which Litton shall provide the Government the functions more fully set forth in Article 1, 1) b) of the Agreement between the Government and Litton dated

The organization and method of operation provide the Systems Approach to the performance of the functions referred to above. In addition, the Organization and the method of operation provide, among other things, the formal management of the Organization, liaison with the Government and its agencies, the organization for the solicitation of capital, and the basis for training of Government personnel in systems management techniques.

II. The Litton Organization.

Litton shall establish an Organization, as more fully set forth in Annex 1 of this Attachment «A» to be put at the disposal of the Government in carrying out the functions set forth in Article 1 of this Agreement. The Organization has three sections:

A) The Administrative Section: The Administrative Section includes the following:

1) Program Director and Deputy: Responsible for management of the Litton Organization and for Government liaison.

2) Administrative Group: Responsible for staffing and for providing administrative support.

3) Documentation Group: Responsible as a service group to all other groups (especially to the Marketing and Proposal Group), for the preparation of brochures, training aids, presentations, illustrative investment packages, etc.

4) Information Centers: Responsible for providing data, as requested, on markets, technology, and related organizations of industry and commerce. (The centers are to be located in key cities).

5) Public Relations Group: Responsible for assisting in preparation of motivation programs and in foreign promotional efforts directed at stimulating interest in participating in economic development in Crete.

B) The Development and Integration Section: The Development Section includes the following:

1) Market Research and Investment Proposals Group: Responsible for soliciting capital from private, foreign governmental and supranational sources—primarily outside of Greece-based on opportunities identified and defined by the Development and Integration Groups. Attempts to maximize the exploitation of present national potential by assisting in setting up marketing mechanisms, etc.

2) System Development Group: Responsible for conducting opportunity searches based on the direction of the Liaison Team 1 and working on detailed technical problems associated with the projects.

3) System Integration Group: Responsible for expanding work originated by Systems Development Group into Definition Reports by carrying out various cost, effectiveness studies, etc. Examines overall integration into the economy.

C) The Implementation Section: The Implementation Section includes the following:

1) Operation Directorate: Responsible for all projects in implementation. Responsible for timely execution according to the Implementation plan. Attempts to effect efficiencies and economies by careful coordination among all the activities in progress.

2) Project Control Offices: Responsible for an individual project or for a limited group of related projects. The total number of field offices shall depend not only on geographical locations of projects being carried out but also on the total workload for the initial period after starting work in Crete and West Peloponnies.

It is planned to have eventually two field offices in Crete and two in Western Peloponnies. Of the two in Western Peloponnies, one office shall be occupied exclusively with Project Olympia and general tourist development; and the other office shall constitute the center for the remaining projects planned in the area among the initial development phase. In Crete, one office shall be occupied exclusively with the Messara Plain development; and the other office shall occupy itself with the remaining projects planned in Crete during the initial development phase.

The possible establishment of additional offices shall subject to special request and approval based on development work undertaken in the two regions.

3) Training Group: Responsible for developing training specifications, aids, and schedules as required by the Operations Directorate and for monitoring these programs until completion.

4) Contracts Group: Responsible for issuing work authorizations in accordance with contracts let by the Government and verifying that performance has taken place in agreement with contract specifications and the implementation plan. Also examines the contractual relations between different contractors and subcontractors to ensure maximum cost effectiveness and control.

III. The Method of Operation.

A. Introduction. The method of operation is designed to accomplish the services set forth in Article 1 of the Agreement between the Government and Litton and to provide a continuing training program for officials of the Government and other agencies. The process, from initial project search until implementation completion, is illustrated in the Flow Chart, Annex II to this Attachment «A». To insure an immediate start of the operation, the Government shall, at the time the Agreement is signed, assign Government personnel as...
required. Selection of these personnel shall be in cooperation with the Litton Project Manager. Definite, long-term assignments of qualified Government personnel shall be made. To insure success in operations, the parties shall adhere to the Procedural Rules and the Decision Making Schedule.

B) Liaison Teams; Functions and Responsibilities:

1) Liaison/Team Number 1

a) Membership:

i) Litton: Program Director (or Deputy) Head of Systems Development Group, Head of Systems Integration Group, Representative of Marketing and Financial Group.

ii) Government: Representatives of the Minister of Coordination, Economist/National Accountant, Legal/Legislative Expert, Head of Central Service for Regional Development of the Ministry of Coordination.

b) Responsibility. The team is responsible for the policy decisions relating to national and regional economic goals, to areas of emphasis, to distribution of available resources, to establishment of program priorities (e.g. for which projects capital is most needed) and to the determination of the kind and amount of incentive necessary to obtain results. The team shall meet bi-weekly unless otherwise agreed upon. The Litton Program Director shall be responsible for the preparation and agenda of the meetings.

c) Functions. The functions to be performed are:

i) To communicate to Litton the specific and general problems to which it should devote its efforts.

ii) To review Feasibility Reports submitted and decide which of them should enter the implementation stage. (Each Feasibility Report will be accompanied by an estimate of the effort to accomplish the definition study).

iii) To assign specific tasks and define cooperation within specific ministries where required.

iv) To review Definition Reports submitted and decide which should enter the implementation stage. This decision process shall set the final conditions for a project and permit issuance of an implementation plan and schedule.

v) To review and decide on requests by Litton for approval of unusual, special efforts over and above the standard services set forth in Article 1 of the Agreement.

vi) To assign Government personnel to work with the Litton organization for training purposes.

vii) To assign additional projects over and above the initial work assignment.

2) Liaison Team Number 2

a) Membership—(to vary with each project, but with the Litton Operations Director as a permanent member).

i) Litton: Operations Director, Site Director for Project under Review, Additional Specialists as required.

ii) Government: Representatives of the Ministry of Coordination, Regional Inspector of Public Works.

b) Responsibility—The team is responsible to determine the method of implementation of the decisions made by Liaison Team 1. This shall involve reviewing progress on all aspects of a project, monitoring related environmental conditions, and if required, reallocating environmental resources, or requesting additional resources to insure results.

c) The Operation. Although the process provides for many activities in parallel, the approximate sequence of events is as follows:

1) Government outlines needs, goals, and limitations in Liaison Team I. Liaison Team 1 determines priorities and emphasis and instructs Development Group.

2) Development Group begins opportunity searches using data gained from the information groups, independent review and investigation, and feedback from field operations.

3) Development Group determines the alternatives which are technically capable of solving the problem assigned by Liaison Team I and returns these multiple alternatives to the Liaison Team I in the form of Feasibility Reports.

4) Liaison Team I crosses checks the alternatives against goals and limitations and—

a) Stops all effort, or

b) Resubmits the problem to the Development Group for further work, or

c) Approves some of the Feasibility Reports for further expansion by the Integration Group and the Marketing and Proposals Group.

5) Integration Group expands the approved Feasibility Reports into Definition Reports, possibly recommending termination of some reports during their investigation and returns these reports to Liaison Team I. The Marketing and Proposals Group begins brochure and promotion work to solicit sources of capital immediately on receipt of a Feasibility Report.

6) Liaison Team I acts on Definition Reports, checking them against budget and timing considerations and defining the participation of all parties involved (Government and private). In the case of approval, it issues plans to the Operations Directorate as Implementation Plans and Schedules. In some cases, these plans may also be made available to the Marketing and Promotion Group if the solicitation of capital requires more detailed information than available in the Feasibility Report.

7) Operations Directorate proceeds to carry out all the steps outlined in the Implementation Plan either by itself and or by supervision, inspection, and monitoring of all other organizational entities involved in the field. It serves as a focal point for coordination of related projects and for uniform reporting to Government and the Development Group.

D) The Decision Making Schedule.

The decision making of both parties in Liaison Team 1 and 2 shall take place within the framework of time limits set forth below in order to enable efficient workloading for the Litton organization and to enable Litton to make necessary commitments.

1) Government may request for the next bi-weekly scheduled meeting of Liaison Team I an estimate on the time to complete a Feasibility Report. Feasibility Reports shall be due on estimated date unless a revised estimate is formally submitted.

2) At each regularly scheduled bi-weekly Liaison Team I meeting, Litton shall submit a report showing
the status of all projects in Feasibility Definition, and Implementation stage with estimated time to completion.

3) Projects submitted to Liaison Team I as Feasibility Reports shall remain active for a maximum time of 30 days from the date of submission. If Liaison Team I does not specifically approve a project for Definition investigation within this time, the Report shall be considered rejected and all related work on this project shall cease. The Liaison Team I may, by unanimous decision, extend the 30 days period above for a specific report for a specific additional period of time.

4) Requests by Liaison Team I to Litton to begin Definition Investigations shall be answered by an estimate of effort and of time to complete by the next regularly scheduled bi-weekly meeting. Estimate to complete dates shall take into account the existing workloading of the Litton organization.

5) Projects submitted to Liaison Team I as Definition Reports shall remain active for a maximum time of 90 days from date of submission. If Liaison Team I does not specifically approve a project and issue an implementation plan within this time, the Report shall be considered rejected; and all related work on this project shall cease. Liaison Team I may, by unanimous decision, extend or abbreviate the 90 day period above for specific Definition Reports by a specific period of time.

6) Government shall not hold Litton responsible for failure to meet estimated dates due to the non-cooperation of any Government agency.

7) Requests by Litton to Government for approval of unusual, special efforts in connection with carrying out the inherent or implied tasks related to its overall responsibility shall be specifically accepted or rejected within 30 days of submission of the request. Failure by the Government to respond in either way within this time shall be considered by Litton as a rejection of the request and shall automatically have as its result that the entire related project effort shall be reviewed by Liaison Team I. This review shall take place not later than the next regularly scheduled bi-weekly meeting of Liaison Team I and is also sufficient cause for special session of Liaison Team I if either Litton or the Government desires.

8) Specifically, during the initial phases of the program, Litton will attempt to facilitate program progress by, whenever possible, making decisions of subsidiary importance once the basic approval has been given for the Feasibility, Definition, or Implementation stage.

Decisions, however, which remain reserved to Liaison Team I, with participation of the Government, are decisions of substance of the projects. Decisions of substance are defined as those involving:

a) Significant amounts of money,

b) Significant changes in schedule,

c) Significant Government commitments essential to the success of the project in question.

d) Selection of alternatives which have possible effects on areas outside Litton’s responsibility, or requiring information not accessible to Litton.

e) Political considerations.

Decisions of substance assigned to either Litton or to the Government by the opposite party shall be assigned a due date. Due dates may be extended by formal request in a meeting of Liaison Team I or by recorded message outside a session. However, no decision may be extended beyond the time limits set forth in 3 and 5 above respective to the stage of investigation, the project is in at that time. Exceeding the maximum time periods called out above shall result in project rejection.

9) All project rejections resulting from exceeding time limits allowable for decision making shall be formally brought to the attention of the Minister of Coordination, in writing, by the Litton Program Director.

10) A secretary shall be appointed by Liaison Team I and shall register and record all submissions of either party related either to the substance of the project or as requests for approvals, etc. Submission dates, approval and rejections, status reports, and all other matters of importance shall be recorded. These records shall be signed by both parties.

11) The Liaison Team 2, as constituted for each project in the implementation stage, shall meet at least weekly, or more frequently as conditions dictate as the Operations Director may decide.

12) All decisions assigned to Liaison Team 2 shall be answered by the next regularly scheduled meeting.

13) All decisions of Liaison Team 2 which are overdue as defined in 12), above, shall be formally and immediately brought to the attention of the Program Director. If resolution of the problem is not possible within one week after submissions to the Program Director either with or without the assistance of Liaison Team I, the Program Director shall advise the Minister of Coordination in writing of the problem and recommended course of action.

IV. Program Build-Up Schedule.

After execution of this Agreement and upon deposit of the initial down payment, Litton shall begin to assemble the organization described. Approximately 90 days is estimated to be required for the completion of this task.

Within 30 days of execution of this Agreement, the Government shall identify its participants for the Liaison Team I.

ATTACHMENT B

Rules covering application for registration and acceptance of capital investments.

1. (Registration) is defined to mean the recording by Litton of the fact that a proposed source of capital investment is connected with or the result of wholly or in part, Litton’s activities under Articles 1 1. b) 4) of this Agreement.

2. (Acceptance) is defined to mean the acceptance by the Government of the fact that the proposed capital investment is connected with or the result of, wholly or in part, Litton’s activities under Articles 1 1. b) 4) of this Agreement.

II. Litton shall submit in writing to an office designated by the Government an application for registration and acceptance of such possible foreign capital investments which Litton believes to be able to solicit for development projects. «Foreign capital» is defined to mean all capital, whatever its form, originating from outside of Greece or existing in Greece having
rights of convertibility and/or export. Foreign capital in no way depends on the nationality of the owner or investor.

III. The Government shall, within fifteen days after the day of submission of such an application, render a decision whether the application is accepted by the Government. If no decision is received by Litton by the end of this period, the decision shall be assumed to be positive and the application accepted. Acceptance of an application by the Government in no way obligates the Government to the proposed source of capital investment.

IV. If the application has been implicitly or explicitly accepted by the Government, the Government shall pay the incentive fee as set forth in Article III of this Agreement under the conditions as set forth in Article IV of this Agreement.

V. If the application is explicitly rejected by the Government, Litton shall cancel its effort to solicit the capital investment covered by the application.

[Attachment C on page 404 of the Government Gazette has been omitted. This attachment is a graph indicating the expected cost levels at an annual rate and on a cumulative basis over the first three years.]
ATTACHMENT D.

Description of:
Litton Training of Government Personnel

- Litton Phase - Out and Hand - Over Schedule General:

1. The two activities named above will be divided into four phases spread over approximately twelve years.
2. The Litton effort will maintain most of its strength until the principal point is reached in achieving Common Market goals.
3. Both 1. and 2. above are based on the presently envisaged scope of work. Both the number of personnel and the time phasing are subject to change as a result of change of scope of work.
4. Policy-detail and problems of the training and handover will be handled by Liaison Team 1.

Stage I:
Years 1-2 of term of Agreement

During this phase, the Government participation is primarily in the two Liaison Teams. Liaison Team 1 is constant at four Government personnel. Liaison Team 2 will have one constant Government member, and at least two additional for each project underway.

Assuming that ten projects are in force within the first phase, the Litton Organization's Government personnel will increase to twenty. Litton's Operations force will also be increasing in this period.

The goals for this phase are:
1. Identify the best and most universally applicable processes for project generation.
2. Identify the necessary functions in this process.
3. In-hand requisitions to fill these jobs plus the envisaged subsequent growth under them.
4. Complete set of organization, administrative procedures, training tasks and budget estimations for Stage II.
5. Establishment of work load, training goals and checking criteria for the trainees in the skeleton force.

Stage II:
Years 3-6 of term of Agreement

It is recommended that the Deputy of the Ministry of Coordination assigned to the Liaison Team 1 be the Program Director for the mirror organization.

During this phase, the Government will begin building a mirror organization to the Litton Organization, minus «Operations». The Litton Organization will be reduced by a number of counselors who will work in this mirror organization. The mirror organization will be assigned functional tasks corresponding to the functions and process identified in Phase I. These tasks will be a part of the work which the Litton Organization is doing. Government personnel will reach about 75 by the end of this phase.

Minimum time of stage II is 2 years.

In Stage II, the sequence of events will be approximately as follows:
1. Assembly and report in of the skeleton crew.
2. Assigning each of these «mirror» organization Group leaders to work under the direction of their Litton organization counterpart.
3. Sifting, review, replacement and settling on final candidates for the above.
4. Assignment of specific tasks within the Litton workload to these group leaders, and assigning an advisor to work with them. The work output and quality will be the responsibility of the mirror organization.
5. Further recruiting for the mirror organization to take on more work load. Corresponding increase in advisors on a ratio to be decided by Liaison Team 1.

The end of Stage II is signalled by the following:

a. Adequate personnel number in the mirror organization to fill out all planned organization slots with the exception of «operations».

b. Completed systems plans and budgets approval for one or more «medium difficult» projects within the anticipated Litton Organization workload.

c. Agreement by both Litton and mirror organization Group leaders that personnel slots are adequately staffed with qualified personnel.

Stage III:
Years 7-10 of term of Agreement

This is the most important hand-over phase. It is additionally important because it marks the mirror organization turning point for the Government in converting from a function oriented to a project oriented organization, which is a fundamental necessity in a «Systems Approach». The mirror organization now begins to take on full projects, and adds an «operations» section. The projects assigned will not be related to those in process with the Litton Organization. An additional number of counselors will be taken from the Litton Organization and assigned to the mirror organization, thereby reducing the Litton Organization, but not the total Litton personnel. Government personnel will reach about 150 by the end of this phase.

Minimum duration of Stage III is 3 years or till completion of implementation of several of the projects taken on by the mirror organization.

During Stage III, the mirror organization is subject to direction by the same Liaison Team 1 as the Litton organization, and in its Liaison Team 2's, the Litton Operations director sits in.

The ratio for Litton advisors to mirror organization members will be decided by Liaison Team I.

In the 3rd or, expected last year of this Stage, mirror organization builds up to the extent that it begins to send replacements in for each slot occupied by a Litton man. After satisfactory handing over 3-6 months, the Litton man leaves.

The end of Stage III is signalled by a satisfactory full development program proposal being prepared and submitted by the mirror organization and approved Liaison Team I.

Probably this proposal will be for a different area not covered by the Litton contract.

Stage IV:
Years 11-12 of term of Agreement

By the beginning of this phase the mirror organization must have proven its capability. Then, the phase-out of Litton personnel can begin, and proceed rapidly.

The Operations group will be the last to diaband, since it will stay with projects until they are completed.

The workload on the Government organization is increased as rapidly as possible. The size of the organization is now totally sensitive to workload.

The Litton organization is reduced now to a small number of semi-permanent counselors - who, however, are not individually contracted for, but as a group.
ATTACHMENT E.

It is further agreed upon by the parties:

1. With respect to the Government’s contribution of US $90 million, it is understood and agreed upon that this should be construed to apply to capital from internal Greek sources, private or public, provided they find their applicability in the framework of the agreement. Litton’s obligations as set forth in Article 1 sub-section c (5) of the agreement, remain unchanged.

2. Besides the Litton organization in Greece, Litton will maintain an organizational capability which will be limited to three offices outside of Greece of which two shall be in the United States and one in Northern Europe for the performance of market evaluation and research, promotion and solicitation of foreign capital.

3. It is the understanding of both parties that all investments of loans solicited in the performance of the contract and engaged into by third parties will abide by the normal business procedures prevailing in Greece namely that repayment of loans will commence one year after completion of the project for which the loan is granted.

Article 13.

The present Agreement will be ratified by legislative act and will become effective as from publication in the Government Gazette of the Law of Necessity ratifying same.

'Ἐν Ἀθήνας τῇ 15 Μαΐου 1967

For the Greek Government For Litton Benelux S.A.
The Minister of Coordination PIERRE ALPHONSE
N. MAKAREZOS GUILLAUME

Certified to be a true and correct translation into English of the attached document in Greek.

Athens 15th May, 1967

CONSTANTINE N. GEORGIADES
Official Translator to the Minister of Foreign Affairs.