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SECTION A - SUPPLEMENTAL INFORMATION

1. Modification P00013 is a bilateral modification to add H.4.5.1.
2. H.4.5.1 has been added.
3. Modification 32 to Delivery Order 1 is being created concurrently to fund the \$467,500 to cover H.4.5.1.
4. All other terms and conditions remain unchanged and in full force and effect.

*** END OF NARRATIVE A 014 ***

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SECTION H - SPECIAL CONTRACT REQUIREMENTS

H.4 SPECIAL PROVISIONS

H.4.1 ORDERING: 52.216-18 (OCT 1995)

a. Any supplies and services to be furnished under this contract shall be ordered by issuance of delivery orders or task orders by the individuals or activities designated in the Schedule, (Section B). Such orders may be issued from the date of award of the basic contract through two years after the date of award, at the prices specified in the Schedule, (Section B) for the given ordering period.

b. All delivery orders or task orders are subject to the terms and conditions of this contract. In the event of conflict between a delivery order or task order and this contract, the contract shall control.

c. If mailed, a delivery order or task order is considered "issued" when the Government deposits the order in the mail. Orders may be issued orally, by facsimile, or by electronic commerce methods only if authorized in the Schedule, (Section B). (END OF CLAUSE)

H.4.2 ORDER LIMITATIONS: 52.216-19 (OCT 1995)

a. MINIMUM ORDER. The Government agrees to order lease periods pursuant to the clause at 52.216-18 entitled, "Ordering", in increments of no less than 8 days.

b. MAXIMUM ORDER. The Contractor is not obligated to honor --
(1) Any order for a lease period in excess of 365 days;

c. Notwithstanding paragraph (b) of this section, the Contractor shall honor any order exceeding the maximum order limitations in paragraph (b), unless that order is returned to the ordering office within five days after issuance, with written notice stating the Contractor's intent not to lease and the reasons. Upon receiving this notice, the Government may acquire the supplies or services from another source. (END OF CLAUSE)

H.4.3 INDEFINITE QUANTITY: 52.216-22 (OCT 1995)

a. This is an indefinite-quantity contract for the supplies or services specified, and effective for the period stated, in the Schedule, (Section B). The quantities of supplies and services specified in the Schedule, (Section B) are estimates only and are not purchased by this contract.

b. Delivery or performance shall be made only as authorized by orders issued in accordance with the Ordering Clause. The Contractor shall furnish to the Government, when and if ordered, the supplies or services specified in the Schedule, (Section B) up to and including the quantity designated in the Schedule, (Section B) as the "maximum." The government shall order at least the quantity of supplies or services designated in the Schedule, (Section B) as the "minimum".

c. Except for any limitations on quantities in the Order Limitations clause or in the Schedule, (Section B), there is no limit on the number of orders that may be issued.

d. Any order issued during the effective period of this contract and not completed within that period shall be completed by the Contractor within the time specified in the order. The contract shall govern the Contractor's and Government's rights and obligations with respect to that order to the same extent as if the order were completed during the contract's effective period; provided, that the Contractor shall not be required to lease a vessel beyond two and one-half years after date of delivery of the vessel to Hampton Roads, Virginia unless the parties otherwise agree. (END OF CLAUSE)

H.4.4 CONTINUITY OF CHARTER - CONDITION OF CHARTER PRICE.

This contract provides for the Government to order leasing services for incremental periods of time during the life of the contract, at the daily rate as specified in Section B for each one-year ordering period. The parties agree that the charter daily rate for each charter period is predicated on a continuous charter without interruption for up to one year within each respective charter period, unless such interruption is caused by the fault of the owner as defined elsewhere herein. The parties further agree that, if the Government fails to order additional lease periods such that continuous chartering is not maintained, notice of redelivery pursuant to H.3.6, "Redelivery", has occurred. Notice of redelivery will occur automatically (constructive) by the Government's failure to issue a follow-on order within 20 days prior to expiration of the then current delivery order performance period, or at any time before then by written notice (actual) to the Contractor. In the event that redelivery occurs, the Government forfeits the right to charter at the daily rate specified in Section B, and any subsequent leasing of the vessel will require negotiation of a revised daily rate in recognition that continuous leasing has not been maintained. The Government reserves the right to effectively cancel redelivery by issuing a further delivery order for additional lease period within 45 days of the actual or constructive notice of redelivery, subject

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to negotiation of a revised daily rate and subject to vessel availability. If such a delivery order is issued after either actual or constructive notice of redelivery, but prior to expiration of the then current delivery order, notice of redelivery and any redelivery efforts shall be considered cancelled without liability to the Government, and without negotiation of a revised daily rate as set forth above, provided this constitutes a continuous charter, and the vessel is available for hire.

H.4.5 CHARTER CLOSING COSTS.

It is also understood that if, at any time, the Government actually or constructively causes notice of redelivery hereunder to occur, subject to provision H.4.4, or, alternatively, at the end of the second lease period, the parties will negotiate lease closing costs, and that the total of all costs associated with closing the lease, including, but not limited to, removal of vessel enhancements specified at paragraph C.2 of the scope of work and supplied with the vessel, and repositioning of the vessel to the owner's nominated port, will not exceed \$1,200,000.00(U.S. Dollars). The Owner agrees that the prices for initial delivery of the vessel, and the daily chartering rate, include no costs associated with charter closing. Costs claimed for repair of damage to the vessel caused by the Government are excluded from this ceiling amount and will be resolved under other provisions herein.

H.4.5.1

Removal of vessel enhancements specified at paragraph C.2(and listed as part of H.4.5's \$1.2M ceiling) of the scope of work and supplied with the vessel has been funded in the amount of \$467,500.00 in CLIN 0004AA.

H.4.6 INSURANCE.

The prices stated herein include Owner-provided insurance for Hull and Machinery Risks, War and Strikes Risks and Protection & Indemnity, against loss of or damage to or liability of the vessel during the full duration of the respective ordering periods, regardless of whether the vessel is on-hire or off-hire. The Government shall not be liable to the Owner or mortgagee for any such loss or damage beyond the amount of, or type of, loss covered by the insurance policies noted above. Accordingly, the government agrees that the vessel will be operated within class, and within the specifications of both the High Speed Craft Code and DNV classification.

Should the Government operate the vessel outside the High Speed Craft Code or in breach of its DNV Classification and the vessel suffers loss or damage then the Government shall be held liable for such loss or damage.

Furthermore, the Owner shall have the right to immediately terminate the vessel lease and this contract upon notice by its technical representatives that the Government is operating, or intends to operate, the vessel outside DNV class rules or outside the regulations contained in the High Speed Craft Code, provided that, in such event, the Owner will immediately notify the contracting officer of its intention to so terminate. In this event, the vessel shall immediately be subject to redelivery in accordance with the redelivery provision of the contract. Nothing herein shall be construed, however, to invalidate the coverage provided by the insurance policy during such period of redelivery, provided that redelivery then occurs by operation of the vessel within class and within any restrictions or limitations of the High Speed Craft Code and the DNV classification.

In the event of a claim under any of the vessel's insurance policies any deductible payable shall be paid by the Government. These deductibles are \$500,000 for Hull and Machinery (including additional perils), \$25,000 for protection and indemnity, and zero dollars for war and strikes risks, all of which deductibles will be subject to review for the second year of the charter period. The owner and the Government retain their right(s) to limit liability in accordance with International Convention. The Government acknowledges that the vessel's Protection and Indemnity policy does not cover U.S. Military crew or U.S. Military passengers. The renewal terms of the insurance policy for the second year of the charter are subject to review by underwriters at the end of the first year of the charter.

*** END OF NARRATIVE H 002 ***