ROKOP ENGINEERING

ROKOP CORPORATION

STE. 212 SUMMERFIELD COMMONS 2581 WASHINGTON RD., PITTSBURGH, PA 15241 • (412) 833-7979

Joseph Rokop, P.E.
PRESIDENT

Cable Address: ROKOPCO
Telex: 86-6334

December 27, 1984

U.S. Agency for Int'l Development
Office of Industrial Resources
Near East Bureau
5 Latin America Street
Garden City
Cairo, EGYPT

Attn: Mr. Daniel J. Mackell,
Chief of Industrial & Environmental Activities

Subject: Letters of Commitment Nos. 263-101.07-28
and 263-K-60429 for Contract #34/1983
National Metal Industries Project

Dear Dan:

First let me thank you very much for the courtesies we received during our visit in Cairo and the assistance in resolving the major problem we had with the contract, i.e., the long delays in receiving payments on 32 invoices which Rokop Corporation has so far submitted, some of them as far back as August 30, 1984.

Due to various reasons which were all outside the control of Rokop Corporation, the payments on the invoices did exceed the time limit within which Rokop Corporation, with all reasonableness, expected payment.

Because of the quite unusual circumstances which we experienced during our visit, concerning the processing of these invoices, Rokop Corporation conceded to a processing period if not more than eleven (11) days when the contract calls for the Contractor to obtain the Employer's Certificate for payment before the documentation is to be submitted to the Lending Institution.

The complete misinterpretation of the relevant provisions of the contract caused substantial damages to Rokop Corporation. Beyond the losses in interest, the damage to the credibility of our Corporation with our banks as well as with our subsuppliers is incalculable.

BEST AVAILABLE COPY

In order to avoid such delays and their serious consequences in the future, upon the timely execution of the project in general and in the best interest of the contracting parties in particular, Rokop Corporation suggests that in the processing of future invoices, the parties should strictly adhere to the relevant provisions of the Contract and the Letters of Commitment; that is, invoices to be submitted by the Contractor directly to the Lending Institution accompanied by the documentation as required by the Contract.

We support our proposal based on the following considerations.

The Contract states:

"4.11 Documentation Required for Payment

In order to receive the appropriate payment under the A.I.D. Letters of Commitment, the Contractor will be required to submit the following respective documents as defined above:

Payment	Forms Required
Progress Payment	a) Contractor's Commercial Invoice Employer's Certificate Approving Progress Payment, Presentation of Technical Documents. Form SF 1034 Form 1440-3
	b) Contractor's Commercial Invoice Inspection Certificate Form SF 1034 Form 1440-3 Bank Repayment Guarantee
	c) -Complete set of clean on board B/L. -Original and a copy of Marine insurance policy covering the CIF amount of each delivery plus 10% covering all risks. -10 copies of Contractor's commercial invoice. -4 copies of packing list. -Inspection certificate. Form SF 1034 Form 1440-3 certificate of origin"

In accordance with Amendment No. IV, group b) has been waived when equipment is shipped for which the 20% progress payment has not been made prior to shipment. In such cases, for the 20% of progress payment portion, group c) to be applied.

Group a) clearly states that the Contractor is required to obtain from the client the "Employer's Certificate Approving Progress Payment" and, together with other documentation, shall submit it in order to receive the appropriate payment under the A.I.D. Letters of Commitment.

It is quite obvious that in the case of services which require the certification of the Employer to approve the degree of progress, the Contractor has no other choice than to accept the Employer's judgement based on the presentation of technical documents at the time of submission of the particular invoice. If the Employer's judgement is substantially different from the Contractor's estimate and/or assessment, the Contractor may or may not challenge the Employer's judgement through contractual provisions for settlement of disputes before he submits such an invoice to the Lending Institution.

In case of payment for deliveries, the Contract clearly calls for the presentation of documents which, in addition to the specific requirements of an A.I.D.-financed Contract, include the documentation which is customary in ordinary international trade and commerce as well as the inspection certificate of the Employer in accordance with the specific terms of the Contract.

Contrary to Paragraph a), in Paragraph c) of Article 4.11 of the Contract, there is no provision for the "Employer's Certificate Approving Progress Payment". Therefore, the Lending Institution must accept invoices which are accompanied with documentation in accordance with group c), without the "Employer's Certificate Approving Progress Payment", since the Letters Commitment clearly state:

"3. Payments shall be made hereunder in accordance with the payment schedule and upon compliance with the documentation requirements set forth in Article 4 of the Contract mentioned in Paragraph 2 above, which by way of reference is hereby incorporated into the terms of this Letter of Commitment. Upon receipt of the required documentation administratively approved by the AID project officer, the controller will arrange for payment to be made by telegraphic instructions to H/FM/BFD - AID/W to arrange for payment thru Treasury/Washington via Electronic Fund

Transfer thru Federal Reserve Bank of Cleveland for account of Pittsburgh National Bank account No. 043000096, on behalf of Rokop Corporation, Account No. 2-506742."

According to the above, the A.I.D. Project Officer is the only one who has the authority to administratively approve the payment. This procedure is not only in compliance with provisions of the Contract, but it is also analogous with the generally accepted practices in international trade and commerce when payments for goods are guaranteed by Letters of Credit issued by ordinary lending institutions at the time when their shipping commences.

It is needless to say that Rokop Corporation is fully aware of its responsibilities concerning the performance of the Contract. On the other hand, should any noncompliance with the provisions of the contract be discovered upon the receipt of the deliveries, the Employer, together with the lending institution, has several remedies to adequately protect their interests beyond the marine insurance and Inspection Certificate which is issued prior to shipment.

One possible source of remedy is the denial of the issuance of the "Provisional Acceptance Certificate" when the Contractor seeks the payment of the 10% retainer. The other is the Performance Guarantee. Both total, in this particular case, $2,495,625.00.

From the above, it is quite clear that the responsibility for refusal of payment upon shipment when administratively correct documentation has been provided by the Contractor has to rest with the Lending Institution.

Unless the Contractor's assumption is not correct that the Letters of Commitment by the Government of the United States of America are at least as good, if not better, than a Letter of Credit issued by an ordinary banking institution, the above procedure must be strictly adhered to. Otherwise the responsibility for arbitrary refusal of payments for invoices, or parts thereof, for reasons other than the non-compliance with the contractually required documentation for such invoices, rests with the issuer of the Letters of Commitment.

ROKOP CORPORATION

For that reason, and to avoid setting a precedent, we respectfully ask you for the full payment of our particular invoices which we have so far submitted or which we will submit in the future course of the Contract.

Very truly yours,

Josep Rokop, P.E.
President

JR/km

cc: National Metals
Davy McKee Kearney
A.I.D./Washington
Standraco

TABLE OF CONTENTS

ARTICLE NO.	TITLE	PAGE NO.
	FORM OF AGREEMENT	1
	PREAMBLE	2
1	Definitions	3
2	Object of the Contract	3
3	Contract Price	4
4	Financing and Terms of Payment	5
6	Assignment by the Contractor to others	11
7	Bank Charges	11
8	Taxes, Duties	11.
9	Performance Guarantee	12
10	Late Delivery	13
11	Inspection and Testing Before Shipment	14
12	Packing	15
13	Marking	15
14	Supervision of Erection	16
15	Start-up and Taking Over Tests of the Plant	16
16	Guarantee of Deliveries	18
17	Industrial Property	19
18	Time Schedule	19
19	Amendments	20
20	Weights, Measures and Language	20
21	Nationality, Source and Origin	20
22	Transportation	27
23	Use of U.S. Flag Air Carriers	29
24	Insurance	31
25	Workman's Compensation Insurance	32
26	Indemnity	33
27	Cancellation	33

Kam.

J.N. Tila

ARTICLE NO.	TITLE	PAGE NO.
28	Force Majeure	34
29	Law to Govern	35
30	Settlement of Disputes	35
31	Cooperation with other Persons Working on the same Premises	35
32	Confidentiality	35
33	Legal Effect of A.I.D. Approvals and Decisions	36
34	Audit and Records	36
35	Equal Employment Opportunity	37
36	Notices	38
37	Assignment of Contract	39
38	Waiver	39
39	Assignment of Employees	39
40	Contractor Employees	40
41	Labor Standards	40
42	Working Conditions	41
43	Physical Fitness of Employees and Dependents	41
44	Employee Conduct	42
45	Sub-Contractors	43
46	Participant's Training	43
47	Agreement in Entirety	43
48	Comming into Force	44
49	Original Copies of Contract	45
50	– TERMINATION BY THE EMPLOYER FOR CONVINIENCE	ANN #I.
51	– VESTING OF TITLE AND DISCRESION RIGHTS.	ANN #I.

APPENDICES

APPENDIX NO.	TITLE
1	Scope and Itemized Prices of Equipment, Machine Materials and Accessories.
2	Scope and Itemized Prices of Spare Parts
3	Detailed Engineering and Technical Documentatic
4	Performance Acceptance Test
5	Training Services
6	Engineering and Construction Schedule
7	Form of Letter of Guarantee for Due Execution a Proper Performance of Contract
8	Contractor's Personnel
9	Subcontractors Personnel

C O N T R A C T

This Contract is concluded in Cairo on 23/4/1983

Between :

THE GENERAL ORGANIZATION FOR INDUSTRIALIZATION
6 Khalil Agha Street
Garden City
Cairo - A.R.E.

hereinafter referred to as the "EMPLOYER" and represented by its Deputy Chairman - Eng. Abdel Moneim El Mehelmy, on the one part

And :

ROKOP CORPORATION
1121 Boyce Road
Pgh., PA 15241
U.S.A.

hereinafter referred to as the "CONTRACTOR" and represented by its authorized representative Mr. Joseph Rokop, according to the attached Power of Attorney, on the other part.

31

PREAMBLE

WHEREAS, the Employer is willing to purchase machinery, equipment, materials, accessories and spare parts for COMPLETE STEEL MELTING AND CASTING FACILITIES FOR NATIONAL METALS INDUSTRIES CO.

WHEREAS, the Employer has requested the Contractor to design and deliver the required machinery, equipment, materials, accessories and spare parts, all hereinafter referred to as "Deliveries" and to supervise the erection, and conduct start-up and taking over tests of the Plant as well as to train the required Egyptian personnel.

WHEREAS, the Contractor is willing to do so in accordance with the provisions herein contained.

N O W, therefore, it is hereby agreed and declared by and between the two parties as follows :

ARTICLE 1: DEFINITIONS

The following terms in the contract shall have the following meanings:

- "U.S.A." means the United States of America.
- "A.I.D." means the United States Agency for International Development, United States of America .
- "A.R.E." means The Arab Republic of Egypt .
- "Assignee" means the National Metals Industries Company .
- "CIF Landed" means the term as described in INCOTERMS 1980 .
- "Expatriate Employee" means any employee of the Contractor assigned to work in Egypt other than a national or permanent resident of the A.R.E.
- "Plant" means all of the equipment, machinery, accessories, materials and other hardware included in the (Steel Melting Facility) plus the mechanical, electrical, and instrumentation system, and as further defined in the Technical Specifications .
- "Works" means all the plant to be supplied, documents provided and service to be performed by the Contractor under the Contract.
- "Deliveries" means all machinery, equipment, accessories, materials, spare parts and any other items to be supplied under the Contract.
- "Sub-Contractor" means any firm, individual, or organization that has a Contract with the Contractor (other than the Employer).
- "Employer's Representative" is any individual designated by such to act on his behalf in matters relating to this Contract .
- "L.E." means Egyptian Pounds, the currency of the A.R.E.
- Words importing the singular only also include the plural and vice versa where the context requires .
- "CONTRACTOR'S REPRESENTATIVE" IS ANY INDIVIDUAL DESIGNATED BY SUCH TO ACT ON CONTRACTOR'S BEHALF IN MATTERS RELATING TO THE CONTRACT

ARTICLE 2 : Object of the Contract

The Contractor undertakes to carry out the following :

2.1 Design and supply of machinery, equipment, accessories and materials of the plant CIF Alexandria port in accordance with the specification and itemized prices stated in Appendix 1 to this Contract .

2.2 Supply of spare parts sufficient for two years of normal operation of the plant, CIF Alexandria port. The specifications and the itemized prices of these spare parts are included in Appendix 2 to this Contract

2.3 Detailed Engineering and deliver the required technical documents at Franco Cairo Airport. All details concerning the said documents are stated in Appendix 3 to this Contract.

2.4 Supervise the erection, conduct start-up, and taking-over tests of the plant, to attain the guaranteed figures as stated in Appendix 4 to this Contract.

2.5 Train the Employer's technicians in the operation & maintenanc of the plant. The training program shall be conducted in a similar plant(s) in the United States. The Contractor shall also, during the course of performing the scope of work, provi on-the-job training to the Employer's personnel during the erection and guarantee tests of the plant. All details are stated in Appendix 5 to this Contract.

ARTICLE 3: Contract Price

3.1 The Employer shall pay to the Contractor the following amount:

3.1.1. The total price of machinery, equipment, material semi-fabricated (steel structure) and related accessories FAS U.S. Eastern ports according to INCOTERMS 1980 is U.S.$ 9,288,392. including seaworthy packing, as per Appendix 1.

3.1.2. The total price of the spare parts sufficient for two years normal operation FAS U.S. Eastern ports according to INCOTERMS 1980 is U.S.$ 1,966,359. including seaworthy packing, as per Appendix 2.

3.1.3. The total price for Subcontractor's personnel at site during the erection and startup of Equipment as per Appendix 9. is U.S. $ 290,000. .

3.1.4 The total price for erection supervision services by the Contractors personnel as per Appendix 8. is U.S.$ 192,110. .

3.1.5. The Total price for start up, and commissioning, services as per Appendix 10 is U.S.$ 86,720.

3.1.6. The total price for training Egyptian operating personnel as per Appendix 5 is U.S.$ 114,573.

4.7 Bunker Surcharge Payment

In regards to CIF Contract, payment will be made in accordanc with the CIF price submitted in the Contract if there is no charge in bunker or congestion surcharges between Contract date and shipping date. If bunker or congestion surcharges are increased subsequent to the Contract date, but not later than the terminal shipping date under the Contract.

Calculation of the increase or decrease will be the differenc between the contracted tariff rates and the applicable effect tariff rate at the time of shipment. In addition, if the carrier publishes a tariff change announcing a decrease in bunker surcharge and in the same tariff change publishes a comparable increase (Roll-in) in his base freight rate, this amount in the base rate identified as "Roll in" of bunker surcharge will still be considered as bunker surcharge for determining the total increase or decrease in bunker surcharge at time of shipments. The Employer assumes no additional costs for bunker or congestion surcharges on late shipments except in a force majeure situation.
The Employer agrees to make payment on the basis of the cost of goods delivered at destination adjusted in accordance with the above procedure. In order that the Employer may make necessary amendments to the financing documents prior to shipment, the Contractor will provide information to the Employer concerning any increase in bunker or congestion surcharges that the carrier has filed with the Federal Maritime Commission subsequent to the Contract date.

4.8 Limitation of Reimbursable Costs

If at any time the Contractor has reason to believe that the total reimbursable costs which it expects to incur in the performance of this Contract in the next succeeding sixty (6 days, when added to all costs previously incurred for the

PREVIOUS PAGES MISSING

reimbursable costs set forth in Article 4.3 of the Contract, will exceed seventy-five (75) percent of the maximum amount payable or if at any time, the Contractor has reason to believe that the total costs to the contracting agency for reimbursable costs under this Contract will be greater than the maximum amount payable, the Contractor shall notify the contracting agency in writing to that effect, giving the revised estimate of the total reimbursable costs for the performance of this Contract.

4.9 The Employer is not obligated to reimburse the Contractor for costs in excess of the total estimated costs, nor is the Contractor obligated to continue performance and incur costs in excess of the total estimated costs unless the Contract is amended in accordance with Article 19 ("Amendments") of the Contract.

Progress Payment	a) Contractor's Commercial Invoice Employer's Certificate Approving Progress Payment, Presentation o Technical Documents. Form SF 1034 Form 1440-3
	b) Contractor's Commercial Invoice Inspection Certificate Form SF 1034 Form 1440-3 Bank Repayment Guarantee

PAYMENT	FORMS REQUIRED
Progress Payment	-Complete set of clean on board B/L. -Original and a copy of Marine insurance policy covering the CIF amount of each delivery plus 10% covering all risks. -10 copies of Contractor's commerci invoice. - 4 copies of packing list. - Inspection certificate. Form SF 1034 Form 1440-3 certificate of origin
Provisional Acceptance	Provisional Acceptance Certificate Contractor's Commercial Invoice Form SF 1034 Form 1440-3
Force Majeure	Contractor's Commercial Invoice Contractor's Force Majeure Certification. Warehouse Receipt Certificate of Origin Employer's Technical Data Receipt Form SF 1034 Form 1440-3
Bunker Surcharge Payments	Contractor's Commercial Invoice Employer's Certificate of Payment Justifying Documents for Increase Form SF 1034 Form 1440-3
Technical Services payment	Contractor's Commercial Invoice Employer's Certificate of Payment Form SF 1034 Form 1440-3
Training of Personnel	Contractor's Commercial Invoice Employer's Certificate of Payment Form SF 1034 Form 1440-3

Kane. A. H. Isa

Spare parts Payment	Contractor's Commercial Invoice Shipping documents Inspection Certificate Certificate of origin Form SF 1034 Form 1440-3

ARTICLE 6 : Assignment by the Contractor to Others

The Contractor may not assign its right to receive payments under the Contract, except with the prior written consent of both the Employer and A.I.D.

ARTICLE 7 : Bank Charges

All Bank charges incurred in connection with the performance guarantee and the repayment guarantees shall be borne by the Contractor.

ARTICLE 8 : Taxes, Duties

8.1 Inside the A.R.E.

8.1.1 Personal Exemption

The Contractor, its Sub-Contractors and those of their Employees who are not citizens or permanent residents of the A.R.E. shall be exempted from all taxes, fees, levies, duties or impositions imposed under the laws of the A.R.E. or any governmental authority thereof, with respect to all work and services performed under the Contract.

8.1.2 Project Equipment All materials and equipment acquired by the Contractor or its subcontractors to perform work pursuant to the Contract shall be exempt from all taxes, fees, levies, duties or imposition under the laws of the A.R.E., provided that such items are either consumed in performances, re-exported or transferred to the Employer at the conclusion of the Contract.

8.1.3 Payment To the extent that any of the above taxes, duties or customs are not excepted, they shall be paid by the Employer. The Contractor shall, before paying any such amounts obtain the Employer's approval. Should the Contractor pay any such amounts such payments shall be reimbursable under this Contract in Egyptian pounds from the Employer.

8.2 Outside the A.R.E.

All taxes and duties which may be incurred outside the A.R.E. shall be paid and borne by the Contractor.

ARTICLE 9: Performance Guarantee

9-1 The Contractor shall within 30 (thirty) days from the date of signing the Contract, submit to the Employer a Letter of Guarantee amounting to 10% of the total Contract price as a final guarantee deposit.

This Letter of Guarantee shall be issued by a first class bank in the U.S.A. in favor of the Employer and endorsed by a first class bank in the A.R.E. The text of this Letter of Guarantee is stated in Appendix 7 to this Contract .

9-2 The said Letter of Guarantee shall be held by the Employer as a pecuniary guarantee for the due execution and proper performance of this Contract, and the recovery of any penalties, damage or other sums for which the Contractor may become liable to the Employer under the Contract. It shall be valid until the fulfilment by the Contractor of all his obligations and guarantees under the Contract.

47

9.3 The Employer may at any time, on giving prior notice to the Contractor, deduct from the amount of the said Letter of Guarantee any sums for which the Contractor may become liable to the Employer under the Contractor and which are not promptly paid by him. The Employer shall be entitled on its first demand to the immediate payment by the Bank up to the full amount of the Letter of Guarantee, notwithstanding any contestation by the Contractor or any third party.

9.4 The above mentioned Letter of Guarantee shall not in any way be construed as a limitation of the Contractor's responsibility for his obligations and guarantees under this Contract.

ARTICLE 10 : Late Delivery

10.1 Without prejudice to the provisions of Article 28 concerning force majeure, in case the Contractor fails to deliver in due date the deliveries in whole or in part then, the Employer shall be entitled to inflict a penalty of 1% (one percent) of the CIF price of the delayed deliveries for every week of delay or part thereof. The penalty shall be inflicted by the sole fact of delay. The total penalty under this Article shall not exceed 5% (five percent) of the CIF price of the delayed Deliveries.

10.2 However, in case the delayed Deliveries are to hinder the proper operation of the equipment and/or the whole project, then the penalty shall be calculated on the CIF price of the equipment and/or total CIF value of the plant.

ARTICLE 11 : Inspection and Testing before Shipment

11.1 The authorized representative of the Employer shall have the right at all reasonable time to access to the Contractor's manufacturing works to inspect and test the Deliveries during and after its manufacturing. If the Deliveries or parts thereof are manufactured in other work, the Contractor shall obtain for the Employer's representative permission to inspect and test as if the Deliveries are manufactured in the Contractor's own works. The Testing shall include all tests and measurements required for verifying design data, degree of accuracy, performance, etc...

11.2 The Employer's representative shall be entitled to take all measures to test the accuracy of instruments, appliances and test pieces used for testing purposes, and any instrument applicance or test piece found to be inaccurate shall be replaced immediately by the Contractor.

11.3 Whether at the Contractor's works or any other works, the Contractor shall provide, at his expense, all necessary facilities documents, materials, electricity, fuel, water, stores, tools, labour, and test pieces to render inspection and testing effective. The Employer shall bear the travelling and living expenses of its representative. However, in case of repetition of the inspection and/or testing, such expenses shall be borne by the Contractor.

11.4 The Contractor shall give written notice to the Employer 35 (thirty five) days before any consignment of Deliveries is ready for inspection and testing. After successful completion of inspection and testing an inspection certificate releasing the respective Deliveries for shipment shall be issued by the Employer's representative without unreasonable delay.

49

11.5 In case the Employer's representative is not present at the inspection and the testing within 40 (fourty) days from the date of the Contractor's notice, the contractor shall then be authorized to carry out the inspection and testing and issue a work's certificate to the effect that the respective Deliveries are in conformity with the specifications approved by the Employer and releasing such Deliveries for shipment.

The Contractor shall have no authority to issue work's Certificate except in the above mentioned case.

11.6 It is understood that the inspection and testing stated in this Article, shall not in anyway release the Contractor from the proper fulfilment of his guarantees stated in this Contract.

ARTICLE 12: Packing

All equipment, machinery, and other commodities shall be properly prepared for export to withstand exposure to the elements and rough handling during ocean or air shipment. Such packing must be sufficient to ensure safe arrival at destination and fully cover such hazards as extreme temperature and/or possible corrosion due to salt air or open storage.

ARTICLE 13: Marking

13.1 The Contractor shall be responsible for assuring that all equipment, machinery and other commodities to be furnished under this Contract and their shipping containers carry the official AID emblem and for correctly marking goods and shipping containers. Emblems shall be affixed by metal plates, decal, stencil, label, tag, or other means depending upon the type of commodity or shipping container and the nature of the surface to be marked.

13.2 The emblem placed on the commodities shall be as durable as the trademark, company or brand name affixed by the manufacturer and the emblem on each shipping container must be affixed in a manner which assures that it will remain legible until the container reaches its destination. Such containers shall display the last set of digits of the identification number of the pertinent implementing document in characters equal in height to the shipper's marks.

ARTICLE 14: Supervision of Erection

14.1 The Employer shall carry out the erection of the plant under the Contractor's supervision. For this purpose, the Contractor shall provide his Employees on the erection site for carrying out supervision of erection within 30 (thirty) days from the date of the Employer's notice to the Contractor to the effect that the ite and all other facilities are ready for starting erection.

The estimated period of erection is 240 days, as per Appendix 9 to this Contract.

14.2 The Employer shall provide all facilities and local personnel necessary for the erection of the plant according to the data to be given by the Contractor, in reasonable time before starting erection, and approved by the Employer.

ARTICLE 15: Start-up and taking Over Tests of The Plant

15.1 The Contractor guarantees that the Plant shall operate properly and efficiently and shall attain the guarantees spcified in Appendix 4 in this Contract.

The Employer shall provide, at its expense, the local personnel, materials and power necessary for the start-up taking over tests of the Deliveries according to the data to be given by the Contractor and approved by the Employer.

15.2 Within three months from the date of completion of erection, the Contractor shall conduct the start-up and taking-over tests required to prove that the plant is capable of attaining the guarantees specified in Appendix 4 of this Contract. During the said period, the taking over tests of seven successive days of continuous operation for the plant shall be carried out for proving the guaranteed figures. In case the Contractor fails to prove the said guarantees within the period mentioned above, he shall be entitled to a grace period of maximum three months, during which he shall at his expense and risk, carry out the necessary rectifications, replacements, and/or additions and repeat successfully the required taking-over test.

15.3 In case the Contractor fails within the said grace period of three months to attain the guarantees as stated in Appendix 4 to this Contract, then the Employer shall be entitled to inflict penalties as stated in Article 9.3 of this Contract. In case the deficiency exceeds any of the maximum limits stated in Appendix 4 or the total penalties under this Article exceed 5% (five percent) of the total Contract price, then the Employer shall be entitled to reject the deliveries in whole or in part as the case may be. In this latter case, the Employer shall have the option either to carry out within its capabilities the said work in lieu of the Contractor or to entrust a third party to execute same at the Contractor's expense and risk provided that the Employer does so in a reasonable manner without prejudice to the Employer's right for claiming idemnification for damages suffered hereto .

15.4 The date of commissioning the deliveries shall be the date of attaining the guarantees specified in Appendix 4 to this Contract .

15.5 After commissioning of the deliveries, the Employer shall within 7 days issue a provisional taking-over certificate to that effect.

ARTICLE 16: Guarantee of Deliveries

16.1 The Contractor guarantees and warrants that the Deliveries shall be in strict conformity with the Contract and of first class workmanship, and that under normal operating conditions at Site according to the Contractor's written instructions they shall show no defects due to faulty design, materials and/or workmanship for a period of 12 (twelve) months from the date of the Employer's issuance of the Provisional Acceptance Certificate, but not later than a period of 27 months from the date of completion of CIF delivery of all deliveries, whichever comes earlier.

However in case of delay in erection and/or start-up and taking over tests of the plant due to the Contract responsibility, then the said period of 27 months shal be extended accordingly.

The Contractor also guarantees that the Deliveries shall be brand new incorporating the latest design features and that no second hand or repaired parts shall be delivered.

16.2 The Contractor shall rectify or replace the Deliveries or any part thereof which may show any defects during the guarantee period for reasons with-in his responsibility. On the Employer's written notification, the Contractor shall carry out the required rectifications and replacements, at his expense, in the shortest possible time to be fixed in the Employer's notification. Indefault the Employer shall carry out the required rectification and/or replacements at the Contractor's expense and risk.

16.3 The guarantee period for both the repaired parts and the corresponding section/s of the Deliveries which are out of operation as a result of repair or replacement shall be extended by a period equal to the period during which they have been out of operation.

The replaced or renewed parts shall have a new guarantee period of 12 (twelve) months from the date of their commissioning after being replaced or renewed at Site.

16.4 The guarantee stipulated under this Article does not cover normal wear and tear as well improper handlign storage and/or operation carried out by the Employer contrary to the Contractor's written instruction.

BEST AVAILABLE COPY

53

16.5 The defective parts replaced shall be returned to the Contractor, on his request and expense, provided that the Contractor shall so request not later than 2 (two) months from the date of replacement.

16.6 After the expiration of the guarantee period/s as stated under this Article and fulfilment by the Contractor of his obligations relate to, the Employer shall issue to the Contractor a Final taking over Certificate to that effect.

ARTICLE 17 : Industrial Property

The Contractor shall fully indemnify and protect the Employer against all claims, damages, expenses, or other proceedings resulting from the infringement of any patent right, design, processes, trade or industrial mark or any other protected rights of industrial property in connection with the deliveries to be supplied under this Contract.

ARTICLE 18 : Time Schedule for the Execution of Contract

1. Delivery by the Contractor of the technical documentation shall be effected within the time limits stated in Annex 3 to this Contract.

2. Delivery by the Contractor of all Deliveries shall commence 10 months from the date of the Contract coming into force and be completed 14 (100 DAYS) months from the same date, as per appendix 9 to this contract.

3. The erection of all Deliveries shall be completed within the time limits stated in Article 14 of this Contract.

4. The start-up and taking over tests of the Deliveries shall be carried out within the time limits stated in para 2 of Article 15 of this Contract.

5. Within 2 (two) months from the date of this Contract coming into force, the Contractor shall submit to the Organization for approval a comprehensive and detailed time schedule for the execution of this Contract. This schedule shall be prepared on the

bas. . of the time limits stat. under para. 1,2,3, an 4 above and shall be submitted in such detail as the Organization may deem necessary to ensure the efficie and punctual execution of the Contract. The Organization, however, may require modification of th schedule for the same purpose.

ARTICLE 19 : Amendments

Modification of the terms of this Contract shall be made by amendment signed by the parties. Any amendments, including letter amendments, which increase the Contract amount or extend the completion date of the Contract must be approved by A.I.D.

ARTICLE 20: Weights, Measures and Language

20.1 All weights, dimension and measures shall be in the metric system.

20.2 The English language shall be the language to be used in all correspondence, inctructions, documents, labels on Deliveries and any other date to be given under this Contract.

ARTICLE 21: Nationality, Source and Origin

21.1 A.I.D.-Financed U.S. Dollar Procurement

Unless otherwise approved in writing by the Employer and A.I.D. or specified in this Article all goods and services provided by the Contractor and any subcontractors under this Contract and financed with U.S. dollars made available by A.I.D., shall have their nationality, source, and origin in the United States.

21.2 A.I.D.-Financed Local Currency Procurement

Except as provided in paragraph 21.3 below or approved in writing by the Employer and A.I.D., all goods and services provided by the Contractor and any subcontractors under this Contract and financed with local currency made available by A.I.D., shall have their nationality, source, and origin in the Arab Republic of Egypt.

21.3 Other Procurement

Goods and services provided by the Contractor and any subcontractors under this Contract and not financed by A.I.D., shall have their nationality, source, and origin in A.I.D. Geographic Code 935 as in effect at the time orders are placed or contracts entered into for such goods and services.

21.4 Definitions

1) Source - "Source" means the country from which a commodity is shipped to the A.R.E. or the A.R.E. itself if the commodity is located therein at the time of purchase. However, where a commodity is shipped from a free port or bonded warehouse in the form in which received therein, "source" means the country from which the commodity was shipped to the free port or bonded warehouse.

2) Origin - "Origin" means the country or area in which commodity is mined, grown, or produced. A commodity is produced when through manufacturing, processing, or substantial and major assembling or components a commercially recognized new commodity results that is substantially different in basic characteristics or in purpose or utility from its components.

3) Components - "Components" are the goods that go directly into the production of a produced commodity. A.I.D. components rules for commodities produced in eligible countries are as follows:

a) If the commodity contains no imported component, it is eligible for financing under the Contract.

b) Components from the United States and other countries included in A.I.D. Geographic Code 941 may always be utilized in unlimited amounts regardless of the geographic code authorized.

c) Unless procurement is authorized from countries included in A.I.D. Geographic Code 935, components from free world countries not included in A.I.D. Geographic Code 941 are limited according to the following rules:

i) They are limited only if they were acquired by the producer in the form in which they were imported.

ii) The total cost to the producer of such components (delivered at the point of production of the commodity) may not exceed 50 percent of the lowest price (excluding the cost of ocean transportation and marine insurance) at which the supplier makes the commodity available for export sale (whether or not financed by A.I.D.).

d) Any component from a non-free world country makes the commodity ineligible for financing under this Contract.

4) Nationality

a) A supplier of commodities under this Contract must fit one of the following four (4) categories to be eligible for A.I.D. financing:

i) An individual who is a citizen or legal resident of country or area included in the authorized geographic code; or

ii) A privately owned commercial corporation or partnership organized under the laws of country or area included in the authorized geographic code; or

iii) A controlled foreign corporation: i.e., any foreign corporation of which more than 50 percent of the total combined voting power of all classes of stock is owned by United States shareholders within the meaning of Section 957 et seq. of the Internal Revenue Code, 26 U.S.C. 957; or

iv) An unincorporated association consisting entirely of individuals, corporations, or partnerships which fit any of the foregoing categories.

b) A Contractor or subcontractor providing services under this Contract must fit one of the following three categories to be eligible for A.I.D. financing:

i) An individual who is a citizen of and whose principal place of business is in a country included in the authorized geographic code or a non-U.S. citizen lawfully admitted for permanent residence in the United States and whose principal place of business is in the United States.

ii) A privately owned commercial corporation or partnership that is incorporated or legally organized under laws of a country or area of business in a country or area included in the authorized geographic code, has its principal place of business in a country or area included in athorized geographic code and meets the criteria set forth in either subparagraph (aa) or (bb) below:

aa) The corporation or partnership is more than 50 percent beneficially owned by individuals who are citizens of a country or area included in the authorized geographic code. In the case of corporations, more than 50 percent of each class of stock is owned by such individuals; in the case of partnerships, more than 50 percent beneficially owned means that more than 50

percent of each category of partnership interest (e.g., general, limited) is owned by such individuals. (With respect to stock or interest held by companies, funds or institutions, the ultimate beneficial ownership by individuals is controlling.)

bb) The Corporation of Partnership has been incorporated or legally organized in the United States for more than three years prior to the issuance date of the invitation for bids or request for proposals; has performed, within the United States, administration and technical, professional or construction services under a contract or contracts for services and derived revenue therefrom in each of the three years prior to the date referred to above; employs United States citizens in more than half its permanent full time positions in the United States; and has the existing capability in the United States to perfrom the Contract.

iii) An unincorporated association consisting entirely of individuals, corporations, or partnerships which fit categories (i) and (ii) above. The eligibility of firms or joint venture of firms wholly or partially owned by the Government shall be subject to A.I.D. approval.

c) A duly authorized officer of the firm shall certify that the participating firm meets either the requirements of subparagraphs (ii) (aa) and (ii) (bb) above. In the case of corporations, the certifying officer shall be the Corporate Secretary with respect to the requirements of subparagraph (ii) (aa). The certifying officer may presume on the bases of

stockholders record address, provided that the certifying officer certifies, regarding any stockholder (holding any corporate funds or institutional stockholder) whose Holders are material to the corporation's eligibility, that the certifying office knows of no fact which rebuts that presumption.

d) Citizens or firms of any country not included in A.I.D. Geographic Code 935 are ineligible as suppliers, contractors, subcontractors, or agents in connection with A.I.D.-financed Contracts for goods and services. However, non-U.S. citizens lawfully admitted for permanent residence in the United States are eligible.

e) The nationality policy of subparagraph (b) above does not apply to:

i) The employees of contractors or subcontractors, but all contractor and subcontractor employees engaged in providing services under A.I.D.-financed contracts must be citizens of countries included in A.I.D. Geographic Code 935 or non-U.S. citizens lawfully admitted for permanent residence in the United States.

ii) Suppliers of incidental services related to the procurement of equipment. "Incidental services" are defined as the installation or erection of A.I.D.-financed equipment and the training of personnel in the maintenance, operation or use of such equipment. However all firms and employees providing incidental services must be of countries included in AID Georgaphic Code 935 or non U.S. citizens lawfully admitted for permanent residence in the U.S.

21.5 Motor Vehicles

Procurement of motor vehicles is restricted to those manufactured in the United States. A vehicle which was assembled in the United States but then subjected to minor disassembly to reduce shipping costs is considered a United States manufactured vehicle. However, so called "knocked down vehicles", consisting of parts or sub-assemblies of vehicles shipped from the United States for final assembly into completed vehicles elsewhere, are not considered vehicles manufactured in the United States.

21.6 Local Currency Procurement

"Imported shelf items" are goods that are normally imported and kept in stock, in the form in which imported, for sale to meet a general demand in the country for the items; they are not goods which have been specifically imported for use in any A.I.D.-financed project.

1) Shelf Items Imported from Code 941 Countries - Shelf items are eligible for local currency cost financing under this Contract in unlimited quantities up to the total amount available for local procurement under the Contract if they have their origin in a country included in Code 941.

2) Shelf Items Imported from other Free World Countries - Shelf items having their origin in any country included in Geographic Code 935 but not in Goegraphic Code 941 are eligible for A.I.D.-financing under this Contract if the price of one unit does not exceed $2,500. For goods sold by units of quantity, e.g. tons, barrels, etc., the unit to which the local currency equivalent of $2,500 is applied is that which is customarily used in quoting prices. The total amount of imported shelf item purchases from countries included in Code 935 but not in Code 941 may not exceed 10% of the total local currency

costs being provided by A.I.D. for the project under which this Contract is being financed, or $10,000, whichever is higher, or such other amount as A.I.D. may specify.

3) Shelf Items Imported from Non-Free World Countries - Imported shelf items produced in or imported from countries not included in Geographic Code 935 are ineligible for AID financing unless AID otherwise authorizes in writing.

21.7 Modification

The provisions of this Article 21 shall be deemed amended as necessary to comply with A.I.D. regulations as revised from time to time.

ARTICLE 22: Transportation

22.1 Nationality, Source, and Origin

Delivery Services are among the services that shall be of United States nationality, source, and origin. with respect to ocean or air transportation, "Source" means the flag of the carrier vessel or aircraft.

22.2 Ocean Freight

(a) All goods covered by this Contract which are transported on ocean vessels shall be transported on privately owned U.S. flag commercial vessels to the extent they are available at fair and reasonable rates for U.S. flag commercial vessels. If such vessels are not available, the Supplier may request, in advance, a waiver from the Office of Commodity Management, AID, Washington, D.C. 20523.

A.H. Ism

Kaine.

(b) When shipment is made under a through bill of lading issued by an eligible flag carrier, AID will finance cost incurred on vessels under flag registry of any free world country if the costs are part of the total cost paid to the eligible flag carrier.

(c) The Contractor shall mail a copy of the Ocean Bill of Lading to the Maritime Administration, Cargo Preference Control Center, Commerce Building, Washington, D.C. 20235.

22.3 Air Freight

The Contractor will use U.S. flag air carriers to the extent they are available as set forth in Article 23 ("Use of U.S. Flag Air Carriers"). When U.S. flag air carriers are not available, preference shall be given to the use of host country or Code 941 flag air carriers before using Code 935 flag air carriers.

22.4 Air Charters

The Contractor shall not ship equipment, material or other foods procured for the performance of this Contract on any ocean or air carrier which has been chartered for the carriage of such items until the Contractor has received written notice from the Employer that the charter has been approved by the Transportation Support Division, Office of Commodity Management, A.I.D. Washington, D.C. 20523.

22.5 General Transportation

Unless otherwise authorized, AID will not finance any transportation cost:

(a) For shipment beyond the point of entry in A.R.E. except when intermodal transportation service covering the carriage of cargo from point of origin to destination is used and the point of destination is established in the carrier's tariff and stated in the "through bill of lading"; or

(b) On any vessel designated by AID as ineligible to carry AID-financed cargo.

22.6 Expediting and Delivery to Site

The Employer shall expedite the equipment through Egyptian customs. The Employer shall also be responsible for delivery of the equipment from Alexandria to the site.

A.H. Bill

Kane

63

ARTICLE 23: Use of U.S. Flag Air Carriers

23.1 The Contractor shall utilize U.S. flag carriers for international air transportation of personnel (and their personal effects) or property to the extent services by such carrier is available, in accordance with the following criteria:

(1) Passenger service by a U.S. flag air carrier is considered "available" even though:

(a) Comparable or a different kind of service by a non-U.S. flag air carrier costs less, or

(b) Service by a non-U.S. flag air carrier can be paid for in excess foreign currency, or

(c) Service by a non-U.S. flag carrier is preferred by Contractor or traveler needing air transportation, or

(d) Service by a non-U.S. flag air carrier is more convenient for the Contractor or traveler needing air transportation.

(2) Passenger service by a U.S. flag air carrier will be considered to be "unavailable".

(a) When the traveler, while en route, has to wait six (6) hours or more to transfer to a U.S. flag air carrier to proceed to the intended destination, or

(b) When any flight by a U.S. flag air carrier is interrupted by a stop anticipated to be six (6) hours or more for refueling, reloading, repairs, etc. and no other flight by U.S. flag air carrier is available during the six (6) hours period, or

(c) When by itself or in combination with other U.S. flag or non-U.S. flag air carriers (if U.S. flag air carriers are unavailable) it takes twelve (12) or more hours longer from the origin airport to the destination airport to accomplish the mission than would services by a non-U.S. flag air carrier or

(d) When the elapsed travel time on a scheduled flight from origin to destination airports by non-U.S. flag air carrier(s) is three (3) hours or less, and services by U.S. flag air carrier(s) would involve twice such scheduled travel time.

(3) Freight service by a U.S. flag air carrier will be considered to be unavailable:

(a) When no U.S. flag air carrier provides scheduled air freight service from the airport serving the shipment's point of origin and a non-U.S. flag air carrier does.

Kane

64

(b) When the U.S. flag air carrier(s) serving the shipment's point of origin decline to issue a through airway bill for transportation to the shipment's final destination airport.

(c) When use of a U.S. flag air carrier would result in delivery to final destination at least seven days later than delivery by means of a non-U.S. flag air carrier.

(d) When the total weight of the consignment exceeds the maximum weight per shipment which the U.S. flag air carrier will accept and transport as a single shipment and a non-U.S. flag air carrier will accept and transport the entire consignment as a single shipment.

(e) When the dimensions (length, width, or height) of one or more of the items of a consignment exceed the limitations of the U.S. flag aircraft's cargo door opening, but do not exceed the acceptable dimensions for shipment on an available non-U.S. flag scheduled air carrier.

23.2 In the event that the Contractor selects a carrier other than a U.S. flag air carrier for international air transportation, it will include a certification on vouchers involving such transportation which is essentially as follows:

CERTIFICATION OF UNAVAILABILITY OF US FLAG AIR CARRIERS

I hereby certify that transportation service for personnel (and their personal effects) or property by U.S. flag air carrier was unavailable for the following reasons:

(State reasons)

A-U-ISU

65

23.3 The foregoing paragraphs shall be deemed amended as necessary to comply with A.I.D. regulations as revised from time to time.

ARTICLE 24: Insurance

24.1 General

24.1.1. Nationality, Source, and Origin

Insurance is subject to the United States nationality, source, and origin requirement set forth in Article 21.1 ("Nationality, Source, and Origin"). In the case of insurance, "Source" means the country in which such insurance is placed. Insurance is placed in a country if payment of the insurance premium is made to, and the insurance policy is issued by, an office located in the country.

24.1.2. Proceeds

All insurance proceeds shall be payable in U.S. dollars or any fully convertible or acceptable currency.

24.1.3. Competitive Rates

All insurance shall be competitivaly placed.

24.2 Marine Insurance

The Contractor shall provide all risk marine insurance on a warehouse to warehouse basis at 110% of the CIF value of each shipment.

24.3 Other Insurance

The Contractor shall provide professional liability, comprehensive general liability and comprehensive automobile liability (bodily injury and property damage), insurance

A.H. EIK

Kane

66

with respect to its performance under this Contract. All insurance required pursuant to the provisions of this paragraph shall be in such form, in such amounts, the Employer may require, subject to A.I.D. approval. Proceeds shall be used to procure repair or replacement of the plant from Code 935 countries.

ARTICLE 25: Workman's Compensation Insurance

25.1 U.S. Citizens, Residents, Hires

The Contractor shall provide and thereafter maintain Workmen's Compensation Insurance assuring payment of benefits comparable to those provided under the Defense Base Act (42 U.S.C. 1651 et. seq.) with respect to and prior to the departure for overseas employment under this Contract of all employees who are hired in the United States or who are American citizens or bona fide residents of the United States. In order to obtain the required coverage at the guarantee rate afforded under a blanket Contract between AID and the Insurance Company of North America (INA). The Contractor shall; except as the contracting Agency and AID may otherwise agree in writing; procure such coverage from (INA).

25.2 A.R.E. Nationals, Residents

The Contractor shall provide and thereafter maintain for all employees under the Contract who are national or permanent residents of the A.R.E., security for compensation benefits meeting at least the minimum requirements of the applicable law of the A.R.E. for injury or death in the course of such employment or in the absence of such law, employer's liability insurance.

A.H-JSU

Kame

25.3 Others

For all other employees under the Contract, the Contractor shall provide and thereafter maintain security for compensation benefits meeting at least the minimum requirements of the applicable law of the country in which the employee was hired and of the A.R.E. for injury or death in the course of such employment, or in the absence of such law, employer's liability insurance.

ARTICLE 26: Indemnity

The Contractor shall indemnify, defend and save harmless the Employer and the consultants and their officers, agents and employees, from and against all losses and all claims, demand payment, suits, actions, recoveries and judgements of every nature and description made and related costs brought or recovered against Employer and/or the consultants related to the works provided under this Contract by reasons of any act, omission to act, or status of liability of the Contractor, its subcontractors, agents or employees.

ARTICLE 27: Cancellation

27.1 Both parties shall be responsible for the fulfilment of their contractual obligations.

27.2 Without prejudice to Article 28 & 30 concerning force majeure and Arbitration and to any other remedy available, the Employer shall be entitled to cancel the contract in the whole or in part in case the contractor fails to fulfil any of his essential obligations within a maximum period of 3 months from its due date. The Contractor is also entitled to cancel the Contract in case the Employer fails to fulfil its essential obligation concerning payment within a maximum period of three (3) months from its due date.

A-H-IM

Kone

18

27.3 The above-mentioned cancellation shall be taken place by a registered letter to be sent to the defaulting party's address without further formalities.

ARTICLE 28: Force Majeure

28.1 Force Majeure are contingencies caused by neither of the parties and which are unforeseeable at the time of concluding this Contract, and beyond the control of either party and which render the further performance of the contractual obligations impossible as for instance, acts of God, acts of war, acts of government, blockades, revolutions, strikes.

28.2 Neither party shall be deemed to be in default of its contractual whilest performance thereof is prevented by force majeure and the time limits for the performance of such obligations shall accordingly be extended by a period equal to that during which the Force Majeure contingencies operated.

28.3 Upon the occurrence and cessation of force majeure the party suffering therefrom shall immediately give the other party notice in writing confirmed by an official evidence.

28.4 In case the period of force majeure exceeds six months both parties shall agree on the necessary arrangements for the further implementation of the contract. In case such further implementation is impossible, both parties shall arrange for the termination of the Contract, but without prejudice to their rights and obligations prior to such termination it being understood that each party shall fulfil his contractual obligations so far as they have fallen due before the operation of Force Majeure.

28.5 No indemnity shall be claimed by either party due to Force Majeure.

A-H-IM

19

ARTICLE 29: Law to Govern

This Contract shall be governed and interpreted in accordance with the laws of the A.R.E.

ARTICLE 30: Settlement of Dispute

30.1 Any dispute or difference arising out of or in connection with the Contract, shall be settled amicably between the parties. In default of amicable agreement the dispute shall finally settled under the rules of conciliation and arbitration of the International Chamber of Commerce in Paris by an arbitration committee of three arbitrators, to be appointed in accordance with the said rules.

30.2 The arbitration committee shall meet at any place to be agreed upon by the parties, failing such an agreement the meetings shall be held in Switzerland.

30.3 The arbitral award shall be final and subject to no appeal and shall deal with the question of the costs of arbitration and all matters relating theroto.

ARTICLE 31: Co-Operation with Other Persons Working on the Same Premises

The contractor shall use its best efforts to cooperate with any other persons working on the same premises as the Contractor without interfering with them and shall observe all the instructions and orders of the Employer in that connection. The Contractor shall immediately refer any differences between itself and such other persons to the Employer for decision.

ARTICLE 32: Confidentiality

The Contractor shall treat all matters in connection with Contract as strictly confidential and shall not publish or cause to be published any information on technical or any other aspects of the plant without the prior approval of the Employer. This clause shall not apply to information requested by AID.

A.H. Ism

Kaine.

70

ARTICLE 33: Legal Effect of A.I.D. Approvals and Decisions

The parties hereto understand that the Contract has reserved to A.I.D. certain rights such as, but not limited to, the right to approve the terms of this Contract, the Contractor, and any or all plans, reports, specifications, subcontracts, drawings, or other documents related to this Contract and the Project of which it is part. The parties hereto further understand and agree that A.I.D., in reserving any or all of the foregoing approval rights, has acted solely as a financing entity to assure the proper use of United States Government funds, and that any decision by A.I.D. to exercise or refrain from exercising these approval rights shall be made as a financier in the course of financing this project and shall not be construed as making A.I.D. a party to the Contract. The parties hereto understand and agree that A.I.D. may from time to time, exercise the foregoing approval rights, or discuss matters related to these rights and the project with the parties jointly or separately, without thereby incurring any responsibility or liability to the parties jointly or to any of them. Any approval (or failure to disapprove) by A.I.D. shall not bar the Employer or A.I.D. from asserting any rights, or relieve the Contractor of any liability which the Contractor might otherwise have to the Employer or A.I.D.

ARTICLE 34: Audit and Records

34.1 The Contractor shall maintain books, records, documents and other evidence and shall apply consistent accounting procedures and practices sufficient to reflect properly all transactions under or in connection with the Contract. The foregoing constitute "records" for the purpose of this clause.

A.H.Jw

Kane.

71

34.2 The Contractor shall maintain such records during the Contract term and for a period of three (3) years after final payment. However, records which relate to appeals under the "Disputes and Appeals" clause, Article 30, or litigation or settlement of claims arising out of the performance of this Contract shall be retained until such appeals, litigation, or claims have been finally settled.

34.3 All records shall be subject to inspection and audit by the Employer, U.S. Comptroller General and/or A.I.D. or their authorized agents at all reasonable times. The Contractor shall afford proper facilities for such inspection and audit.

34.4 The Contractor shall include in all its subcontracts hereunder a provision that the subcontractor agrees that the Employer, the U.S. Comptroller General and/or A.I.D., or their authorized agents, shall, until the expiration of three (3) years after final payment under the subcontract, have access to and the right to examine any records of such subcontractor involving transactions related to the subcontract.

ARTICLE 35: <u>Equal Employment Opportunity</u>

The Contractor will not discriminate in the recruitment or employment conditions of personnel hired in the United States or the A.R.E. because of race, religion, color, sex, or national origin. The Employer and A.I.D. encourage and welcome in this Contract the participation, to the fullest extent possible, of minorities and women, both as Contractor employees and as members and employees of subcontracting firms. In this respect, the Contractor shall make every reasonable effort to identify and make the maximum particable use of such personnel and firms.

ARTICLE 36: Notices

Any notice give by either party shall be sufficient only if in writing and delivered in person or sent by telegraph or by registered or certified mail to the following addresses :-

To Employer: General Organization for Industrialization
6 Khalil Agha St.
Garden City, Cairo
A.R.E.

To Assignee: National Metals Industries Company
A.R.E.
ABU-ZAABAL - KALYOUBIA

To Contractor: Rokop Corporation .
1121 Boyce Road
Pittsburgh, PA. 15241 - U.S.A.

Use address on cover page of this Contract .

copies of all notices are required to be delivered to:

USAID Director
American Embassy
5 Latin America Street
Garden City, Cairo

Mailing address for mail to USAID/Cairo from the United States :

USAID Director
American Embassy, Cairo
Box 10
F.P.O. New York 09527

Notices shall be effective upon receipt .

ARTICLE 37: Assignment of Contract

37.1 The Employer hereby assigns its rights and obligations derived from the Contract to National Metals Company, hereinafter referred to as the Assignee.

37.2 The assignment shall automatically come into effect on the date of the signing of this contract .

37.3 The Contractor shall not be entitled to assign the Contract in whole or in part without the prior written consent of the Employer. In such case the Contractor shall remain jointly and severally responsible with the Assignee for the execution of the Contract or part thereof as the case may be.

ARTICLE 38: Waiver

Failure of the Employer or the Contractor to exercise any right pursuant to any term, provision or condition of Contract shall not constitute a precedent or a waiver by such party of the exercise of such right in any future time.

ARTICLE 39: Assignment of Employees

The Contractor shall at all times employ and assign skilled employees competent to provide the services required by Contract and for the supervision of erection and the guarantee tests. The Contractor shall obtain the Employer's approval of the names, qualifications and dates of arrival of all expatriate and local employees (if any) assigned to work on the Project in Egypt before assignment. Assignment of Employees to the Plant site shall be within thirty (30) days from the date of the Employer's notice to the Contractor to the effect the buildings and all other facilities are ready for starting erection.

A.H. Zein

ARTICLE 40: Contractor Employees

40.1 Upon written request of the Employer, the Contractor will remove or replace any of its employees present in the A.R.E. The Contractor shall not be reimbursed or paid extra amount for the return transportation costs of any employee, his or her dependents and their household effects nor shall the Contractor be reimbursed for transportation costs to the host country of a replacement for such employee, his or her dependents and their household effects, if any employee removed under this paragraph is guilty of misconduct.

40.2 In the event any employee voluntarily resigns, is discharged or reassigned by the Contractor, is removed or replaced at the request of the Employer before the employee has completed his or her required stay in Egypt, the salary of such employee shall not be reimbursed for any day beyond his last actual work day in Egypt, except to cover any accumulated vacation time which may be due.

40.3 All Contractor and subcontractor employees shall at all times while in the A.R.E. conduct themselves in accordance with the laws and regulations of such country.

ARTICLE 41: Labor Standards

41.1 The Contractor shall comply with all applicable labor laws, regulations, and labor standards of the A.R.E.

41.2 The Contractor shall formulate and enforce an adequate safety program with respect to all work under this Contract, whether performed by the Contractor or subcontractors. The Employer assures the Contractor of cooperation where the implementation of these safety measures require joint cooperation.

A.H.Sibi

ARTICLE 42: Working Conditions

The Employer shall provide adequate office space at the Project Site for the Contractor's personnel who will be employed on the Project. The standard work week will consist of seven (7) working hours per day, six (6) days a week; however, the Contractor shall schedule and his personnel shall be available at the Project site according to the requirements of the work in the field and the Contractor shall not be entitled to additional compensation if extended working hours are required to maintain or achieve Contract schedule. All other costs incurred by the Contractor related to his personnel, e.g. wages, salaries, insurances, social securities, international travel costs and transportation, lodging, etc. shall be borne by the Contractor. The Employer is not obligated to reimburse such other costs unless, for reasons beyond the Contractor's control, the project time period exceeds the agreed upon schedule included in the Contract due to the Employer responsibility, in which case the Contractor shall be reimbursed on a per diem basis.

ARTICLE 43: Physical Fitness of Employees and Dependents

43.1 The Contractor shall ensure that all employees (other than those hired in the A.R.E.) and dependents authorized to accompany the employee to the host country are physically fit for work under this Contract and/or residence in the host country.

43.2 The Contractor shall require all such employees and their authorized dependents to be examined by a doctor of medicine, prior to departure for the host country.

43.3 The doctor shall certify that, in the doctor's opinion, the employee is physically qualified to engage in the type of activity for which he or she is employed and the employee and authorized dependents are physically qualified to reside in Egypt.

A.H.JIG

Kane.

43.4 If the Contractor has no medical certificate on file prior to the departure to Egypt of any employee or authorized dependent, and the employee is unable to perform the type of activity for which he/she was employed and complete the tour of duty because of any physical disability (other than physical disability arising from an accident or illness while employed under this Contract) or an authorized dependent is unable to reside in the host country because of any physical disability (other than physical disability arising from an accident or illness while a dependent of an employee under this Contract), the Contractor shall not be reimbursed for the return transportation costs of the physically disabled employee and/or dependents and their household effects, nor shall the Contractor be reimbursed for travel to Egypt and shipment of household effects for a replacement of such disabled employee.

ARTICLE 44: Employee Conduct

Other than work to be performed under this Contract for which an employee or consultant is assigned by the Contractor or except as the Employer shall agree in writing, no such employee or consultant of the Contractor shall engage, directly or indirectly, either in his own name or in the name or through the agency of another person, in any business, profession or occupation in the A.R.E. Other than as specified in this Contract, no employee or consultant of the Contractor shall directly or indirectly, either in his own name or in the name or through the agency of another person, receive, agree to

receive, or solicit any compensation for any services rendered or to be rendered by said employee or consultant under this Contract.

ARTICLE 45 : Subcontracts

The Contractor shall include at least the following provisions of this Contract in all subcontracts wholly or partly financed by A.I.D. :

> Legal Effect of A.I.D. Approvals and Decisions; Audit and Records; Nationality and Source; Use of U.S. Flag Air Carriers; Marking; Equal Employment Opportunity; Workmen's Compensation Insurance; and Host Country Taxes.

All Subcontracts must be approved in advance, in writing, by the Employer and A.I.D. A.I.D. reserves the right not to finance any Contract not approved by A.I.D.

ARTICLE 46 : Participants Training

Any training of foreign Nationals outside their home country, under this Contract will be accomplished in accordance with the policies, allowances, guidance, and reporting requirement of AID Hand Book No. 10 (Participants Training).

Prior to commencement of such training the Contractor will notify the office of education and training, division of human resources and development corporation, US AID, Cairo.

The Contractor will, in addition, co-ordinate all participant training activities with that office.

ARTICLE 47 : Agreement in Entirety

This Contract, including the Appendices ~~1-11~~ 1-9 Add. #1 Section #15, being an integral part thereof, constitues the entire agreement between the parties concerned.

After the signing of the present Contract all preliminary negotiations and correspondence to the present contract are null and void.

Any discrepencies between the provisions of the Contract Articles and any of the said Appendices, the Contract Articles shall prevail.

ARTICLE 48 : Contract Coming Into Force

This Contract is subject to the approval of the competent authorities in A.R.E. and in U.S.A. Each party shall notify the other by telex to be confirmed by a registered letter when getting the approval of his competent authorit: The date of this contract coming into force, shall be the date when all the following are fullfilled within three months from the date of signing this contract :

1. The Contract is approved by the competent authorities in both countries.

2. Submission by the Contractor of the performance Letter of Guarantee referred to in Article 9.

3. Establishment by the Agency for International Development (U.S. AID) of the Letter of Commitment described in Article 4.

A.H. Fisa

ARTICLE 49 : Original Copies of the Contract

This Contract is drawn up in triplicate, one signed original with the Organization, one signed original with the Contractor and the third with the Assignee.

For	For	For
The Contractor	The Assignee	The Organization
Mr. Joseph Rokos	Eng. Said A. El Hadidy	Eng. Abdel Moneim El-Mehelm