



Service Letter

SL05-453/CBO
July 2005

**Fees for Technical Assistance
and Advisory Work on
MAN B&W Two-stroke and Four-stroke Engines**
Action Code: COMMERCIAL

Dear Sirs,

The purpose of this letter is to inform operators of MAN B&W engines of the prices charged for service rendered from Denmark and our service centres around the world.

The below rates are valid from 1 July 2005 for assistance rendered by personnel based in Denmark:

Fees in euro for Superintendent Engineers and Repair Supervisors two-stroke advisory work, testing, trouble shooting and supervision								
Weekdays (within normal working hours)			Saturday, Sunday, and local holidays			Waiting and travelling time		
Full day (8 hrs)	½ weekday (4 hrs)	Rate after normal working hours	Full day (8 hrs)	½ day (4 hrs)	Rate after 8 hours' working day	Full day (8 hrs)	Rate per hour after 8 hrs	Travelling time (max. 16 hrs per day)
925	495	165	1320	695	175	620	80	80

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Fees in euro for Repair Fitters fitting and overhaul work, attending repair jobs, erecting new engines, etc.				
Weekdays (within normal working hours)		Saturdays, Sundays, and local holidays	Waiting and travelling time	
Full day (7½ hrs)	Rate after normal working hours	Full day (7½ hrs)	Waiting days, idle days	Travelling time (max. 16 hrs per day)
70/hour	95/hour	95/hour	485/day	80/hour

Furthermore, for service rendered outside the home base of the respective service personnel, customers will be invoiced for hotel expenses plus a per diem charge of EUR 80.

In addition to the service fees, customers will be invoiced for travelling expenses. Flight tickets as well as hotel accommodation will be booked by MAN B&W Diesel.

Supporting documents, i.e. documentation for flight tickets and hotel accommodation, will only be made available if this is requested when the service visit is ordered. If such documents are ordered after the service attendance, a fee of EUR 350 will be charged.

A 10 per cent administration fee will be added to our outlays.

Expenses in connection with special visa requirements, as regards the ISPS Code, etc., will be added on an actual cost basis + 10%.

No deductions are to be made in the service fees in regard to the superintendent engineer's meal breaks as these breaks have already been provided for in the fees.

Unless specifically agreed, the duties of our engineers cannot be extended beyond 16 hours a day.

Please note that our personnel are not authorised to sign any forms releasing the ship from its responsibility towards our representative. In case any doubt occurs, our representative will be entitled to leave the ship, and the customer will be invoiced in accordance with our normal fee, including travelling expenses.

The exchange rate will be fixed on the date of issue of the invoice.

If a superintendent engineer is available at one of our Diesel Service Centres in, or close to, the area in which the service visit is requested, we propose that you request the visit from that Centre, thus reducing travelling time and expenses. In this case, the service fee will be in accordance with the rate charged by the Centre in question.

The current rates for superintendence rendered from our Service Centres listed below are exclusive of any local tax or VAT, which must be borne by the customer.

**Guiding service rates charged as from July 2005 for MAN B&W
superintendent engineers stationed at the Service Centres listed below**

	Currency	Price per weekday (8 hrs)	Half week- day (4 hrs)	Overtime per hour (weekdays)	Saturdays/ Sundays (8 hrs)	Half sat/sun (4 hrs)	Overtime per hour (sat/sun)
Dubai	EUR	925	495	165	1,320	695	175
Gothenburg	EUR	925	495	165	1,320	695	175
Hamburg	EUR	943	475	138	1,184	610	138
Kobe	JPY	130,000	65,000	22,250	180,000	90,000	27,500
Lisbon	EUR	925	495	165	1,320	695	175
Manila	USD	980	545	195	1,470	820	245
Mumbai	USD	800	425	175	1,100	625	175
Piraeus	EUR	925	495	165	1,320	695	175
Pusan	EUR	925	495	165	1,320	695	175
Rio	USD	1,080	540	180	1,600	800	200
Shanghai	USD	925	525	180	1,365	790	230
Singapore	SGD	1,820	1,060	330	2,610	1,500	415
Sydney	AUD	1,460	769	275	2,106	1,103	275
U.S.A.	USD	1,050	550	200	1,575	835	290

Each service call will be followed-up by a report covering the service rendered.

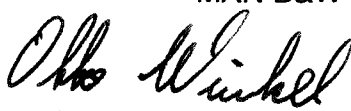
Fees for engine performance evaluations and crankshaft alignment calculations:

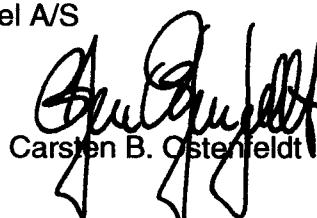
Price for each evaluation: EUR 770

The data necessary for carrying out the performance analysis is described in our Service Letter SL89-250/UM, dated May 1989.

Service will be rendered under the terms and conditions of our General Conditions (No. 1.0315.00.01), a copy of which is enclosed. The terms of payment are net cash within 30 days from the date of the invoice.

Yours faithfully,
MAN B&W Diesel A/S


Otto Winkel


Carsten B. Ostenfeldt

Encl.:
General Conditions

MAN B&W Diesel A/S

General Conditions



1 General

- 1.1 The following General Conditions are valid for all tenders and sales agreements unless otherwise expressly confirmed in writing by MAN B&W Diesel A/S (hereinafter referred to as MBD).

2 Tenders and order acknowledgments

- 2.1 Tenders are submitted subject to the goods being unsold, and become void if they have not been accepted by the customer within 30 days of the date of the tender. Accepted tenders are normally confirmed by MBD by means of order acknowledgments. Possible objections from a customer concerning discrepancies in the order acknowledgment must be raised immediately upon receipt of the order acknowledgment.
- 2.2 Orders from customers are only binding on MBD after a written order acknowledgment has been issued and only on the conditions stated in the order acknowledgment.

3 Specifications and prices

- 3.1 All information on weight, dimensions, capacity, price, technical and other data stated in catalogues, prospectuses, circulars, advertisements, illustrated matter and price lists is to be considered approximate. Such information is only binding to the extent stated in the order acknowledgment or in other agreements expressly referring to such information.
- 3.2 All sales are made at the prices valid on the date of MBD's tender or the date of MBD's order acknowledgment.
- 3.3 Unless otherwise agreed in writing, delivery is made „ex works“ in accordance with Incoterms 2000, but the delivery price is exclusive of packing, which will be charged extra.

4 Time of delivery

- 4.1 The time of delivery or completion stated by MBD is approximate unless MBD has expressly guaranteed delivery or completion at a definite time. Such guaranteed delivery or completion at a definite time is subject to the customer's fulfilment in due time of his contractual obligations.
- 4.2 If a definite time of delivery or completion has been expressly agreed upon in writing, such time of delivery or completion is always stated with reservation for delays due to labour conflicts or other reasons beyond MBD's control. The time of delivery or completion will be deferred, if necessary, for a period corresponding to the duration of such delay. Delivery or completion postponed for the reasons referred to here shall, in every respect, be considered as having been effected in due time.
- 4.3 If a delay in delivery or completion, caused by reasons as stated in 4.2, can be expected to last longer than 3 months, the customer, as well as MBD, shall be entitled to cancel the agreement without paying compensation.
- 4.4 If the delay is caused by reasons other than stated above, the customer is only entitled to cancel the agreement if the delay can be considered essential and if MBD has not effected delivery 30 days at the latest after having received a written demand to this effect.
- 4.5 In the event that the agreement is cancelled according to 4.3 or 4.4 above, MBD shall repay any payments made by the customer, and the customer shall return any goods already delivered. Beyond this, no claim whatsoever, on account of a delay, can be accepted for compensation for loss of earnings or time or any other losses, irrespective of whether the responsibility for the delay lies with MBD.

5 Terms of payment

- 5.1 Unless otherwise expressly agreed in writing, payment shall be effected net cash not later than 30 days after the date of the invoice.
- 5.2 If the dispatch of goods is postponed at the request of the customer, payment shall, however, be made 30 days at the latest after the customer has been informed that the goods are ready for dispatch.
- 5.3 If payment is not made when due – see 5.1 and 5.2 – interest will accrue on the overdue amount at 11/2 per cent per each month commenced.
- 5.4 The customer is not entitled to set-off payment against a claim which the customer considers to have against MBD in respect of the consignment concerned or any other consignment.
- 5.5 In each case where some form of credit is granted, the sale will be considered as having been made with MBD retaining the ownership until full payment has been effected. If the customer does not pay when due, MBD is entitled to take back the goods without a court judgment in accordance with the valid rules of law on this point.

6 Technical service

- 6.1 For the rendering of technical service, including advice, testing, supervision or the carrying out of repair or maintenance work, the following supplementary conditions shall apply.
- 6.2 Unless otherwise agreed in writing, payment for technical service is charged on a time basis, in accordance with MBD's current price lists.
- In addition to MBD's current fees for technical service and waiting time, the following expenses will be charged at cost: travelling and living expenses as well as expenses for necessary telecommunications.
- 6.3 Unless otherwise stated by MBD in writing, prices indicated in tenders, etc. for the execution of an order shall be considered as estimates only.
- 6.4 Unless otherwise agreed in writing, the execution of an order is subject to manual assistance being rendered by the engine room staff and subject to the availability of standard repair facilities on board.

- 6.5 It is the responsibility of the customer/the master of the ship that the engine room staff or other manpower made available by the customer comply with instructions and/or advice given by MBD representatives.

7 Responsibility for defects and shortages

- 7.1 Claims must be made in writing to MBD within 14 days at the latest after the time when the customer discovered or ought to have discovered the defects or shortages concerned. Furthermore, goods delivered in error shall be returned unused in an undamaged condition so as to reach MBD within 4 months of the date of the invoice.
- 7.2 In the event that goods delivered by MBD prove unusable owing to faulty material or manufacture, MBD undertakes to replace or repair such goods free of charge during the first 6 months after the date of delivery. It is a condition that the goods have been operated under normal operating conditions in accordance with MBD's instructions. Furthermore, MBD undertakes, within 6 months from the completion of a technical service job, to render free of charge in any North European port such technical service as is necessary to correct work performed which is proved to be defective due to negligence or lack of professional diligence on the part of MBD.
- 7.3 MBD's liability is limited to the above and thus does not cover, inter alia: wear, damage caused by carelessness or negligence by the customer or by personnel in the service of the customer, damage caused by material supplied by the customer himself, or damage caused during construction/assembly carried out by the customer without the written approval of MBD. MBD reserves the right to examine the goods concerned in its own workshop before the question of liability is finally decided upon.
- 7.4 The obligation of MBD to repair or replace defective goods pursuant to 7.2 shall be fulfilled by delivery ex works of the replaced or repaired goods. The forwarding and returning of the goods are for the customer's account and risk. If, following an agreement with MBD, a guarantee repair is carried out in a non-MBD workshop, MBD is only obliged to reimburse the repair costs with the amount it would have cost MBD to carry out the repair in its own workshop.
- 7.5 If the goods supplied by MBD are mounted in an MBD engine for which the customer has also used unoriginal parts (i.e. parts which have not been supplied through MBD or through an MBD licensee), MBD does not assume any liability for any damage which may arise.
- 7.6 For repaired and reconditioned goods, MBD undertakes the same liability as stated in 7.2 - 7.5, with the exception, however, that repaired and reconditioned goods will not be replaced by new parts.
- 7.7 Except as stipulated in 7.1 - 7.6 above, MBD shall not be liable for defective goods supplied or technical service rendered. This applies to any loss the defect may cause, including loss of production, loss of profit or other indirect loss. This limitation of MBD's liability shall not apply if MBD has been guilty of gross misconduct.

8 Repair and reconditioning

- 8.1 For goods which are sent to MBD for repair, reconditioning, assembling, adaptation, or other processes, the forwarding to and from and the storage at MBD's workshop shall be for the account and risk of the customer.
- 8.2 If, in the opinion of MBD, any goods referred to in 8.1 are not suitable for repair or reconditioning, they will be scrapped without charge to the customer as MBD's examination costs will be considered to be covered by the scrap value of the goods.

If the customer desires to have such unsuitable goods returned, this must be previously informed to MBD in writing. Such goods will then be returned for the customer's account and risk, and MBD's expenses for the examination of the goods will be charged to the customer.

9 Liability for damage caused by the product (product liability)

- 9.1 MBD shall be liable for damage to property caused by goods sold by MBD or caused by technical service rendered by MBD only if it is proved that such damage was caused by negligence on the part of MBD or others for whom MBD is liable.

The liability for such damage shall be limited as follows:
Damage caused by goods sold: DKK 20 million.
Damage caused by negligent technical service: The fee payable for the technical service job giving rise to such damage.

- 9.2 MBD shall in no circumstances be liable for loss of production, loss of profit or other consequential damage or indirect loss.
- 9.3 To the extent MBD might incur product liability vis-à-vis any third party, the customer shall indemnify MBD as far as MBD's liability has been limited by 9.1 - 9.2.
- 9.4 The above limitations in MBD's liability shall not apply where MBD has been guilty of gross misconduct.

10 Law and disputes

- 10.1 MBD's tenders and all contracts with customers, including the present General Conditions, shall be interpreted according to Danish law.
- 10.2 If a difference of opinion cannot be settled by the parties themselves, the dispute shall not be referred to a court of law, but shall be decided by arbitration in accordance with the rules of procedure of the Copenhagen Court of International Arbitration. The arbitration proceedings shall take place in Copenhagen.
- 10.3 The above will not, however, prevent MBD from choosing, at its own discretion, to bring an action against a customer in the ordinary courts of law having jurisdiction over such a case.

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