

FEDERAL MARITIME COMMISSION

AMERICAN PRESIDENT LINES, LTD.
APL CO. PTE LTD. (referred to jointly as "APL")
HAPAG-LLOYD AG ("HLAG")
SPACE CHARTER AGREEMENT

FMC Agreement No. 217-011435-012
(5th Edition)



Classification: The generic classifications of this Agreement within the meaning of 46 C.F.R. § 535.104 are Space Charter Agreement and Cooperative Working Arrangement

Date Last Republished: This Agreement is republished herein

Expiration Date: Not Applicable

Original Effective Date: December 25, 1993

TABLE OF CONTENTS

		<u>Page</u>
Article 1	Full Name of the Agreement	3
Article 2	Purpose of the Agreement	3
Article 3	Parties to the Agreement	3
Article 4	Geographic Scope of the Agreement	4
Article 5	Agreement Authority	5
Article 6	Officials of the Agreement and Delegations of Authority	8
Article 7	Membership and Readmission	8
Article 8	Voting	8
Article 9	Duration and Termination of Agreement	9
Article 10	Applicable Law	9
Article 11	Arbitration	10
Article 12	Non-Assignment	11
Article 13	Notices	11
Article 14	Enforceability	12
Article 15	Affiliates	13

ARTICLE 1: FULL NAME OF THE AGREEMENT

The full name of this Agreement is the APL/HLAG SPACE CHARTER AGREEMENT (the "Agreement").

ARTICLE 2: PURPOSE OF THE AGREEMENT

The purpose of this Agreement is to permit each of the Parties to it to achieve efficiencies and economies in their respective services offered in the Trade (as hereinafter defined) covered by the Agreement, all of the benefit of the Parties and the shipping public.

ARTICLE 3: PARTIES TO THE AGREEMENT

The parties to the Agreement (hereinafter "Party" or "Parties") are:

1. a) AMERICAN PRESIDENT LINES, LTD.
1111 Broadway
Oakland, California 94607 USA
- b) APL CO. PTE LTD
456 Alexandria Road, #06-00
Singapore 119962, Republic of Singapore
(hereinafter, both of said entities are referred to jointly as "APL")

2. Hapag-Lloyd AG
Ballindam 25
20095 Hamburg, Germany

ARTICLE 4: GEOGRAPHIC SCOPE OF THE AGREEMENT

The Agreement covers the trades and various subtrades between ports and points in the Far East and ports in the states of California and Washington in the United States and interior and coastal points in the United States via such U.S. ports. The "Far East", is defined to include Japan, Siberia, Korea, People's Republic of China, Taiwan, Hong Kong, Macao, Thailand, Democratic Kampuchea (Cambodia), Vietnam, Singapore, Malaysia, Laos, Burma, Brunei, Philippines, Sri Lanka and Indonesia. "United States" means the several states thereof, its commonwealths, territories and possessions.

The Agreement also covers trades and the subtrades between ports in California and points in the United States via such ports on the one hand and ports and points in Mexico, Central America and South America.

All such trades and subtrades shall be referred to collectively as the "Trade."

ARTICLE 5: AGREEMENT AUTHORITY

(a) Charters. The Parties may charter space and/or vessels between themselves in the Trade, either directly or through affiliates. The Parties may from time to time agree on the number of vessels or containers or amount of space to be chartered, the rates, charges or other compensation to be paid or otherwise exchanged for said matters, and other terms and conditions of any charter hereunder.

In exercising their authority under this Article 5, the Parties may discuss and agree on the deployment and utilization of up to 8 vessels in the Trade having an average capacity of up to approximately 6,000 TEUs per vessel, including, without limitation, the addition, withdrawal and substitution of vessels, sailing schedules, service frequency, ports to be served, port rotations, type and size of vessels to be used, the addition or withdrawal of capacity from the Trade, and the terms and conditions of any such addition or withdrawal.

Without limiting their authority under this Article 5, the Parties agree that, initially: (i) they will operate a string of 6 vessels of approximately 3500 TEUs each, 4 of which will be provided by HLAG and 2 of which will be provided by APL (it being understood that the 2 vessels to be provided by APL may be chartered by APL from HLAG). (ii) The string will call California, Mexico and the Far East. (iii) Slots and reefer plugs on vessels in the string will be allocated between HLAG and APL roughly in proportion to the number of vessels that each provides. The Parties may

exercise the authority granted by this Article 5 to discuss and agree, pursuant to Article 8, on changes to the foregoing, subject to the limitations set forth above concerning geographic scope and number and size of vessels.

(b) Slots shall not be chartered to unaffiliated non-parties without the consent of the other Party. The Parties may also discuss and agree on the terms under which a Party shall be compensated for any expenses or damages incurred by it in reliance on the other Party's undertaking with respect to any such allocation, including, but not limited to, costs incurred by the damaged Party in connection with space sub-chartered in the Trade or any other U.S. or foreign-to-foreign trade and withdrawn by a third party supplier.

(c) Feeders. The Parties may discuss and agree upon any and all aspects of feeder operations in connection with and ancillary to their services in the Trade, including, without limitation, the deployment and utilization of feeder vessels, feeder vessel sailing schedules, service frequency, ports to be serviced, port rotation, the number, type and capacity of feeder vessels, the terms and conditions under which the Parties shall share the capacity of feeder vessels, and the terms and conditions of addition or withdrawal of feeder vessel capacity.

(d) Equipment Interchange Services. The Parties may interchange empty containers, chassis, and related equipment to provide for the efficient use of such equipment on such terms as they may agree. The Parties may also jointly contract with or coordinate in contracting with stevedores, terminals, ports, and suppliers of

equipment, land or services or may designate the other to provide such services on the designating Party's behalf.

(e) No Joint Service. The chartering contemplated hereby and the cooperative use of equipment, terminals, stevedores, ports, and suppliers, to the extent provided hereunder do not create a joint service or permit the Parties to pool cargo or revenue in the Trade except as may be permitted under agreements to which the Parties may subscribe from time to time which agreement are filed with the FMC and effective pursuant to the Shipping Act of 1984. No joint marketing or sales activity in the Trade is to be conducted by the Parties.

(f) Intentionally Left Blank.

(g) Systems. The Parties may discuss and agree on terms and conditions of joint development, implementation, and interchange of documentation, data systems, information and data, other operating systems, and computerization and joint communication, including any joint negotiations, leasing or contracting relating thereto.

(h) Administrative Matters. The Parties may also discuss and agree upon such general administrative matters and other terms and conditions concerning the implementation of this Agreement as may be necessary or convenient from time to time, including, but not limited to, performance procedures and penalties, procedures for allocating space, forecasting, terminal operations, stowage planning, schedule adjustments, record-keeping, responsibility for loss or damage of cargo and equipment, the terms and conditions for force majeure relief, insurance, liabilities,

claims, indemnification, bill of lading provisions, consequences for delays, and treatment of hazardous and dangerous cargoes.

ARTICLE 6: OFFICIALS OF THE AGREEMENT AND DELEGATIONS OF AUTHORITY

The following are authorized to subscribe to and file this Agreement and any accompanying materials and any subsequent modifications to this Agreement with the Federal Maritime Commission:

- (i) Any authorized officer of each of the Parties; and
- (ii) Legal counsel for each of the Parties.

ARTICLE 7: MEMBERSHIP AND READMISSION

Membership is limited to the Parties hereto except that additional carriers may be admitted or readmitted by unanimous consent of the Parties and by amendment of the Agreement pursuant to the Shipping act of 1984 and subject to the approval of MarAd, if required.

ARTICLE 8: VOTING

All actions taken pursuant to this Agreement shall require mutual agreement of the Parties.

ARTICLE 9: DURATION AND TERMINATION OF AGREEMENT

(a) Effective Date and Term

This Agreement shall take effect as of the date the Agreement may become effective pursuant to the Shipping Act of 1984 and shall continue indefinitely.

Either Party may resign from the Agreement by giving not less than 6 months written notice of resignation to the other Party; provided, however, that such notice may not be given prior to October 23, 2007. Notwithstanding the preceding sentence, either Party may resign from this Agreement immediately at any time by serving written notice thereof on the other Party if the other Party files, or has filed against it, proceedings under bankruptcy, insolvency or other similar laws. The FMC shall be promptly notified in writing following the termination of this Agreement.

ARTICLE 10: APPLICABLE LAW

The interpretation, construction and enforcement of this Agreement shall be governed by (i) the laws of the State of New York without reference to the laws of New York respecting conflicts of laws, and (ii) to the extent applicable, the laws of the United States.

ARTICLE 11: ARBITRATION

(a) Except as otherwise provided herein, any dispute or claim arising hereunder which is not amicably settled by the Parties shall be settled by arbitration. Unless otherwise agreed, arbitration shall be held in New York, N.Y. by a panel of three arbitrators familiar with ocean container shipping, unless the Parties can agree on a single arbitrator, none of which shall have any interest in or with either Party. Arbitration shall be conducted under title 9 of the United States Code and otherwise in accordance with the arbitration Rules of the Society of Maritime Arbitrators, Inc.

(b) Either Party hereto may call for such arbitration by service upon the other at the address specified in Article 13 hereof of a written notice specifying the name and address of the arbitrator it chooses and a brief description of the disputes or differences which such party desires to put to arbitration. If the other party shall not, by notice served upon the first moving party at the address specified in Article 13 hereof within twenty days of the service of such first notice, appoint its arbitrator to arbitrate the dispute or differences specified, then the party calling for arbitration shall have the right without further notice to appoint a second arbitrator, who shall be a disinterested person with precisely the same force and effect as if said second arbitrator had been appointed by the other Party. In the event that the two arbitrators fail to appoint a third arbitrator within twenty days of the appointment of the second arbitrator, either arbitrator may apply to a judge for any court of competent jurisdiction in New York, N.Y. for the appointment of a third arbitrator, and the appointment of such arbitrator by such judge on such application shall have precisely

the same force and effect as if such arbitrator had been appointed by the two arbitrators. Until such time as the arbitrators finally close the hearings, either Party shall have the right by written notice served on the arbitrators and on the other Party to specify further disputes or differences under this Agreement for hearing and determination.

(c) The arbitrators, by majority vote in writing, may award damages and expenses which they deem proper. In addition, the arbitrators shall assess the costs of the arbitration including interest, pre-judgment interest, their fees and reasonable attorney's fees, against either party, or both, in such manner as they shall set forth in their written findings of facts and conclusions. Such decision shall be final and conclusive, shall be rendered within 90 days of the final submissions of the Parties, including briefs, and may be enforced in a court of competent jurisdiction. The arbitrators may not award exemplary or punitive damages nor may they order specific performance. A copy of such decision shall be served by the arbitrators on the Parties.

ARTICLE 12: NON-ASSIGNMENT

Neither Party shall assign its rights or delegate its duties under this Agreement to any other person or entity without the prior written consent of the other Party.

ARTICLE 13: NOTICES

All notices pertaining to the Agreement, except as the Parties may otherwise provide, shall be sent by telex or facsimile transmission and confirmed by first class mail, postpaid. Mail shall be addressed as follows:

- 1a. AMERICAN PRESIDENT LINES LTD.
1111 Broadway
Oakland, California 94607
- 1b. APL CO. PTE LTD.
456 Alexandra Road, #06-00
Singapore 119962,
Republic of Singapore
2. HAPAG-LLOYD AG
Ballindam 25
20095 Hamburg, Germany

ARTICLE 14: ENFORCEABILITY

(a) If at any time during the performance of the Agreement, any non-material term, covenant, condition or proviso contained in the Agreement or the application thereto to any person or circumstances shall be held to be invalid, illegal or unenforceable shall not be affected thereby and each term, covenant, proviso or condition of the Agreement shall be valid and be enforceable to the full extent permitted by law.

(b) If during the effective period of this Agreement the Shipping Act of 1984 is amended, repealed, or authoritatively interpreted by the Federal Maritime Commission or a court of competent jurisdiction in such a manner as to result in (i) the prohibition of conferences or the loss of antitrust immunity in respect of activities encompassed by this Agreement, or (ii) inability on the part of parties to limit APL's grant of space hereunder to non-cargo preference shipments, and such amendment, repealed provision or interpretation is not replaced by any other law, regulation or judicial or administrative action authorizing the continuation thereof, any provision of

this Agreement that is invalid, illegal or unenforceable shall immediately be severed and all other terms and conditions shall remain in full force and effect and be valid and enforceable to the full extent provided by law. As soon as possible thereafter, the parties agree to meet to consult and explore opportunities to conform the arrangement between them contemplated hereby to a mutually satisfactory arrangement which permits the same or substantially similar practices provided for herein to be continued in compliance with all federal and state antitrust, shipping and other laws. If, after full consultation, this objective cannot be met in the good faith opinion of either party, that party may terminate this Agreement upon not less than three (3) months prior written notice.

ARTICLE 15: AFFILIATES.

An affiliate is defined as a person that directly, or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with the party.