

- (c) American President Lines, Ltd.
1111 Broadway
Oakland, California 94607

Hereinafter, 2(a) and 2(b) shall be collectively referred to as "APL" or a "Party" and individually referred to as a "Line".

ARTICLE 4. **GEOGRAPHIC SCOPE**

The geographic scope of this Agreement shall extend to and from ports on the East Coast and the Gulf Coast of the United States, and inland and coastal points in the United States served via such ports, on the one hand, and ports in the Mediterranean (including, without limitation, ports in Spain, Malta and Italy), and inland and coastal points in the Mediterranean served via such ports, on the other hand (hereinafter referred to as the "Trade").

ARTICLE 5. **AGREEMENT AUTHORITY**

A. The Parties may discuss and agree upon the terms and conditions of the Slot Charter by MSL to APL of slots on vessels operated in the Trade by MSL. Initially, such slot charters by MSL to APL will involve ~~two MSL vessel strings: (i) the MedGulf String, operating between ports on the East Coast and Gulf Coast of the United States and ports in the Mediterranean, and (ii) the Suez Express Service, operating between ports on the East Coast of the United States and ports in the Mediterranean.~~ Initially, ~~such slot charters to APL shall be approximately upon to 100 TEUs per Round Voyage per week (in each direction), and shall increase by increments as agreed upon from time to time by the Parties up to a total of 300 TEUs per Round Voyage per week (in each direction) by~~

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~~February 2001. The Parties shall review space allocations at the end of the first quarter of 2001 and at such time, or thereafter, the Parties may discuss and agree upon whether~~ From the effective date of Amendment No. 2 hereto, the number of slots chartered to APL per Round Voyage (in each direction) shall be 250 TEUs; provided, however, that the Parties may agree to increase the number of slots chartered to APL up to a total of 500 TEUs per Round Voyage per week (in each direction). Initially, (i) all the westbound slots chartered to APL will be on the MedGulf string, and (ii) the eastbound slots chartered to APL will be divided approximately equally between the MedGulf string and the Suez Express Service. The Parties may also consult and agree on the charter by MSL to APL of additional slots on an ad hoc basis.

B. The Parties may consult and agree on the terms and conditions of and relating to the sale of Slots hereunder, including terms and conditions relating to the compensation to be paid for such slots (which compensation may vary based on the type and volume of cargo tendered hereunder). Additionally, the Parties may discuss and mutually agree upon other matters relating to the charter of slots authorized herein, including matters relating to the addition, withdrawal and substitution of vessels, sailing schedules, service frequency, ports to be served, port rotations, type and size of vessel to be utilized, feeder arrangements, including the sale or exchange of feeder slots between them, the addition or withdrawal of capacity from the Trade, and the terms and conditions of any such addition or withdrawal.

C. The Parties may discuss and agree upon the use of terminal facilities, including with respect to whether to jointly or individually negotiate and enter into leases, subleases or assignments of such facilities, contracting for stevedoring services, terminal and other related ocean and shoreside services and supplies with each other or, as agreed, individually or jointly with third parties in the United States or the Mediterranean.

H. Each Party shall retain its own separate identity and shall have separate sales, pricing and marketing functions. Each Party and/or Line will issue its own bills of lading and handle its own claims. Additionally, each Party and/or Line shall be fully responsible for any and all terminal costs attributable to cargo moved on its own bill of lading.

I. The Parties are authorized to make and enter into implementing and interstitial arrangements, writings, oral and written communications, understandings, procedures and documents within the scope of the authorities set forth in this Agreement in order to carry out the authorities and purpose hereof.

J. This Agreement shall not require a common position on conference membership. The Parties are free to operate inside or outside conferences in the Trade covered in Article 4.

K. Pursuant to 46 C.F.R. 535.408(b)407, any further non-exempt agreement between the Parties cannot take effect unless filed and effective under the Shipping Act of 1984, as amended, except to the extent that such agreement concerns routine operational or administrative matters.

L. APL shall not enter into any other regular and/or permanent space or slot charter agreement (whether purchasing or selling), rationalization, or other cooperative

container shipping arrangement with any other vessel operator in the Trade without obtaining prior consent from MSL, which shall not be unreasonably withheld; provided, however, that for the period from the effective date of Amendment No. 2 hereto through such time as APL is able to charter space for 500 TEUs from MSL on the MedGulf String or other comparable MSL services, APL shall have the right to enter into a slot purchase agreement with another vessel operator in the trade for a maximum of 250 TEUS per week, the use of which shall be subject to the last sentence of Article 5.A hereof.

M. APL shall not assign, space charter, or sub-space charter any slots it has purchased from MSL under this Agreement to any third parties in the Trade who are not subject to this Agreement, without obtaining prior written consent from MSL, which shall not be unreasonably withheld.

N. Under this Agreement, APL shall not exploit or build up new services and/or strings in the Trade, which are alternative to/or in competition with the services described in Article 5.A above, without seeking prior approval from MSL, which shall not be unreasonably withheld.

ARTICLE 6. ADMINISTRATION AND DELEGATION OF AUTHORITY

A. This Agreement shall be administered and implemented by such meetings, decisions, memoranda, and communications between the Parties as are necessary to enable them to effectuate the purposes of this Agreement.

B. The following individuals shall have the authority to file this Agreement and any modification to this Agreement with the Federal Maritime Commission, as well as the authority to delegate the same: