

FMC Agreement No. 011900

**Westwood/Star Westbound
Sailing and Space Charter Agreement**

January 27, 2005
Between Westwood Shipping and Star Shipping



Westwood Shipping Lines, Inc., NP-WSL, 840 South 333rd Street, Federal Way, Wa. 98003 and Star Shipping A.S. c/o Star Shipping (Canada) Ltd., 900-1111 West Hastings Street, Vancouver, B.C. V6E 2J3, Canada seek to establish an Agreement whereby each carrier places vessels into a rationalized service that offers regularly scheduled sailings and each carrier agrees to provide vessel capacity to the other in exchange for compensation. The purpose is to permit the carriers to provide better and more efficient service to the trade by economical use of vessels while allowing each party to offer increased frequency and/or a wider port scope to its respective customers.

1) Scope

Cooperation is limited to the Westbound movement of cargo between the United States and Canada and Japan, Korea and China. Membership is limited to the named parties. The parties may enter vessels into this service, coordinate their schedules, and charter space on each others vessels. Sales and marketing will remain completely independent with both parties free to pursue any and all contracts they individually consider to be of commercial value, at prices that are set without any consultation of the other Agreement party.

2) Commencement and Term

The Agreement shall become effective pursuant to the Shipping Act of 1984 and the Shipping Conferences Exemption Act (Canada), and terminate on December 31, 2006. The Agreement can be extended upon mutual agreement. Either party may withdraw from this agreement based on hardship, upon 90 days written notice to the other party.

3) Contract Extension

Prior to the end of the third quarter of 2006, the Agreement will either be extended by mutual agreement or an orderly wind down will be agreed to that allows both parties adequate time to reinstate their respective Transpacific services.

4) Voting

All decisions made by the parties pursuant to this agreement shall require unanimous agreement of the parties.

5) Vessel

a. WSL Vessel Commitment

Westwood will provide 4 Open-Hatch Gantry-Craned (N-class) vessels and will manage and operate them independently in Service 1. Westwood will sell to Star under deck space on a take-or-pay basis. The port coverage and vessel schedule is contained in Addendum 1. Additional space can be purchased on a space-available basis.

Westwood will dedicate 2 Open-Hatch Gantry-Craned (S-class) vessels to Service 2. The S-class vessels will be replaced by newbuilds number 6 and 7 as they are delivered from the shipyard. **Westwood** will space charter to Star under deck space on a take-or-pay basis. The port coverage and vessel schedule is contained in Addendum 2. Additional space can be purchased on a space-available basis.

b. Star Vessel Commitment

Star will dedicate 2 Open-Hatch Gantry-Craned (G-class) vessels to Service 2. Star will space charter to **Westwood** under deck space on a take-or-pay basis. The purchase of under deck space also entitles **Westwood** to utilize the entire deck for containers. Additional under deck space can be purchased on a space available basis. The port coverage and vessel schedule is contained in Addendum 3.

Due to the lower container intake on the G-class vessels, Star agrees to work with **Westwood** to identify opportunities to move additional loaded or empty containers to the Far East on PAC and/or Feast–Star services. **Westwood** will cover any additional costs incurred by Star.

Star will independently operate a monthly sailing from the West Coast of North America to Korea and China. Star will sell space to **Westwood** subject to space-availability in order to support Westwood's occasional spot China shipments.

c. Take-or-Pay Definition

In exchange for the Space Guarantee provided by the party operating the vessel, the party representing the cargo guarantees to pay for the space regardless of whether they are able to utilize the space.

6) Space Charter Term

Space and cargo guarantees to be mutually agreed.

Free-In / Free-Out Freight Rates to be mutually agreed.

Upon mutual agreement, freight terms can be expanded to include additional services, such as stevedoring at discharge ports, transshipment costs or equalization.

7) Cargo Handling

The company operating the vessel will be responsible to settle stevedore bills in ports where both companies are loading and/or discharging cargo. The company chartering space will be charged the average commodity specific load or discharge cost.

At ports where only one company is loading or discharging cargo, stevedore bills will be settled directly by the company representing the cargo in that port.

8) Port Costs

Port costs will be shared between Star and **Westwood** as mutually agreed. Addendum 1-3 identifies the current agreement.

9) Transshipment & Equalization Costs

Transshipment and equalization costs are the responsibility of the company representing the cargo.

10) Audit Rights

Each company has the right to periodically audit the applicable documents relating to the cargo handling costs, transshipment costs and port costs being charged them for their cargo. The individuals performing the audit will be bound by a confidentiality agreement and will not share the contract components with their respective management, but will reach agreement on any adjustment that might be required.

11) Documentation

Both parties agree that the administrative burden of producing Bills of Ladings should reside with the party representing the cargo. Processes will be established to minimize the number of Bills of Lading produced and still meet all governmental regulations.

12) Organization Alignment

Each party will appoint one individual to a Management Team. These individuals will be authorized to make short-term adjustments and resolve operational disputes as they arise. They will be accountable to ensure antitrust guidelines are strictly adhered to and that the Agreement is being fairly interpreted. Commercial people will be excluded from these discussions. James Lucas from **Westwood** Shipping and Ulf Eriksen from Star have been appointed to perform these duties. Future appointment will be subject to mutual agreement.

An Executive Oversight Team will be established comprising of the President of **Westwood** Shipping, a duly authorized executive from **Bergen** and the Management Team. This team will periodically meet to review the Agreement performance and approve any substantial change in it's terms.

Each party will continue to market their space independently and autonomously. The commercial people from each company will coordinate vessel space, cargo requirements, and vessels schedule among themselves. If they cannot agree the matter will be referred to the Management Team for resolution.

13) Vessel Substitution Clause

Westwood is entitled to substitute suitable jib crane vessels into Service 2. If any customer objects to jib crane vessels, **Westwood** agrees to move Star cargo to Service 1 and/or Star Service 2 in order to successfully address any objection from this change in vessel. **Westwood** will bear any additional costs incurred by Star as a result of this vessel substitution.

Star is entitled to substitute other suitable vessels into Service 2. Star agrees to revise the space and cargo commitments in order to successfully address

any **Westwood** issues that might arise from this change in vessel. Star will bear any additional costs incurred by **Westwood** as a result of this vessel substitution.

14) Arbitration

Matters in dispute that cannot be resolved by the Executive Oversight Team shall be referred to an arbitration panel.

That should any dispute arise between **Westwood** and Star, the matter in dispute shall be referred to three persons at London, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them, shall be final, and for the purpose of enforcing any award, this Agreement may be made a rule of the Court. This MOA shall be governed by English Law. It is agreed that claims below \$50,000 excluding interest and cost shall be settled as per LMAA Small Claims procedure 1989 and any amendments thereto.

15) Vessel Transition Costs

Both parties agree that the incremental costs incurred to transition vessels into **Service 2** will be evenly shared between the two parties.

16) Force Majeure

The general understanding between both parties is that any problems that may develop during currency of this Contract shall be considered by both parties in a cooperative and reasonable manner; however, notwithstanding, the following shall apply:

- A. The Carrier shall be released of their obligation to provide space under this Contract to such extent and for such period of time as this becomes impossible for them to do so by reason of Act of God, act of war, requisition, restraint of princes, rulers and people, strike, lockout or any other cause beyond the Carrier's control and shall be without liability for any consequential loss or damage sustained by the Shipper.
- B. The Shipper shall be released of their cargo obligation under this Contract to such extent and for such period of times as these obligations become impossible to perform by reason of Act of God, act of war, requisition, restraint of princes, rulers and people, strike, lockout or any other cause beyond the Shipper's control and shall be without liability for any consequential loss or damage sustained by the Carrier.

17) Assignment

No party shall assign its rights or delegate its obligations under this Agreement to any other person or entity without prior written consent of the other party.

18) Insurance

Each party will, as to their vessels, provide for and maintain adequate full-form Hull & Machinery, P & I and/or Charterer's Legal Liability, War Risk, and Financial Responsibility for Oil Pollution insurance as required. The amounts

of such insurance and deductibles thereunder will be placed and maintained in accordance with prudent ship-owning and/or ship-chartering practice.

19) Counterparts

This Agreement and any future amendments may be executed in counterparts. Each such counterpart shall be deemed an original and all together shall constitute one and the same agreement.

20) Filing Requirements

The Agreement is subject to the parties' best efforts to obtain regulatory review and clearance with the applicable regulatory authorities, including the CTA and FMC.

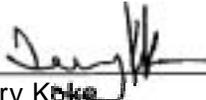
Westwood and Star agree to evenly share the legal and filing fees associated with this Agreement in Canada. Westwood will cover the legal and filing cost in the United States as long as Star's U.S. activity is limited to Eureka pulp.

WESTWOOD SHIPPING LINES

By authority Star Shipping A/S
Star Shipping (Canada) Ltd.,
as agents only



Craig Lawrence
President, Westwood Shipping Lines



Terry Koko
Director, Pacific Services

MEMORANDUM OF AGREEMENT
DECEMBER 16, 2005
ADDENDUM I - WESTWOOD SERVICE I SCHEDULE

		Service 1A			
		Every 28 Days			
Port Cost Paid By		Arrival		Departure	
Seattle	Westwood	Wed	6:00	Thur	19:00
Crofton	Star	Fri	5:00	Fri	17:00
Centerm	Westwood	Sat	0:00	Sat	0:00
Lynnterm	Westwood	Sun	1:00	Mon	2:00
Squamish	Star	Mon	7:00	Mon	19:00
Longview	Westwood	Wed	6:00	Sat	3:00
Centerm	Westwood	Sun	6:00	Sun	18:00
Seattle	Westwood	Mon	6:00	Mon	18:00
Shimizu	Westwood	Tue	8:00	Wed	16:00
Tokyo	Westwood	Thur	7:00	Tue	9:00
Hakata	Westwood	Thur	8:00	Thur	22:00
Busan	Westwood	Fri	7:00	Sat	0:00
Osaka	Westwood	Sun	8:00	Mon	19:00
Nagoya	Westwood	Tue	12:00	Wed	3:00
Shimizu	Westwood	Wed	13:00	Wed	21:00
Tokyo	Westwood	Thur	7:00	Thur	19:00

		Service 1B			
		Every 28 Days			
Port Cost Paid By		Arrival		Departure	
Seattle	Westwood	Wed	6:00	Thur	18:00
Centerm	Westwood	Fri	6:00	Sat	6:00
Lynnterm	Westwood	Sat	7:00	Mon	1:00
Squamish	Star	Mon	6:00	Mon	23:00
Longview	Westwood	Wed	6:00	Sat	3:00
Centerm	Westwood	Sun	6:00	Sun	18:00
Seattle	Westwood	Mon	6:00	Mon	18:00
Shimizu	Westwood	Tue	8:00	Wed	9:00
Yokohama	Westwood	Wed	18:00	Thur	6:00
Tokyo	Westwood	Thur	8:00	Tue	9:00
Hakata	Westwood	Thur	8:00	Thur	22:00
Busan	Westwood	Fri	7:00	Sat	0:00
Osaka	Westwood	Sun	8:00	Mon	19:00
Nagoya	Westwood	Tue	12:00	Wed	3:00
Shimizu	Westwood	Wed	13:00	Wed	21:00
Tokyo	Westwood	Thur	7:00	Thur	19:00

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**MEMORANDUM OF AGREEMENT
 DECEMBER 16, 2005
 ADDENDUM 2 - WESTWOOD SERVICE 2 SCHEDULE**

	Port Cost Paid By	Every 28 Days			
		Arrival		Departure	
Seattle	Westwood	Wed	6:00	Thur	18:00
Centerrn	Westwood	Fri	6:00	Sat	2:00
Squamish	Star	Sat	7:00	Sat	17:00
Lynnterrn	Westwood	Sun	0:00	Wed	22:00
Centern	Westwood	Wed	23:00	Thur	17:00
Seattle	Westwood	Fri	6:00	Sun	3:00
Tornakornai	Westwood	Mon	8:00	Tue	9:00
Hachinohe	Westwood	Tue	18:00	Wed	18:00
Sendai (Qtly)	Westwood	Thur	8:00	Thur	20:00
Tokyo-TLT	Westwood	Sat	7:00	Mon	6:00
Kawasaki	Westwood	Mon	8:00	Mon	20:00
Nagoya	Westwood	Tue	11:00	Wed	9:00
Busan	Westwood	Fri	7:00	Sat	0:00
Osaka	Westwood	Sun	8:00	Mon	18:00
Nagoya	Westwood	Tue	11:00	Wed	3:00
Shimizu	Westwood	Wed	13:00	Wed	21:00
Tokyo	Westwood	Thur	7:00	Thur	19:00

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**MEMORANDUM OF AGREEMENT
DECEMBER 16, 2005
ADDENDUM 3 - STAR SERVICE 2 SCHEDULE**

	Port Cost Paid By	Every 28 Days			
		Arrival		Departure	
Seattle	Westwood	Wed	6:00	Thur	18:00
Centerm	Weshwood	Fri	6:00	Sat	2:00
Squamish	Star	Sat	7:00	Mon	17:00
Wharves	Star	Tue	0:00	Wed	6:00
Lynnterm	Weshwood	Wed	7:00	Thur	22:00
Centerm	Weshwood	Thur	23:00	Fri	17:00
Seattle	Westwood	Sat	6:00	Sun	3:00
Tomakomai	Westwood	Sun	8:00	Mon	9:00
Tokyo-TLT	Westwood	Wed	8:00	Wed	14:00
Nagoya	Westwood	Thur	5:00	Thur	14:00
Busan	Westwood	Sat	11:00	Sat	20:00
Inchon	Star	Mon	7:00	Mon	21:00
Kunsan	Star	Tue	7:00	Wed	21:00
Busan	Westwood	Sat	7:00	Sat	0:00
Osaka	Westwood	Sun	8:00	Mon	18:00
Nagoya	Westwood	Tue	11:00	Wed	3:00
Shimizu	Westwood	Wed	13:00	Wed	21:00
Tokyo	Westwood	Thur	7:00	Thur	19:00