ARTICLE 5: AGREEMENT AUTHORITY

5.01. This Agreement authorizes, but does not require, the Members of each Section or any two or more of them, through their respective officials, employees, agents and other representatives and with regard to transportation services in that Section, to meet, discuss, otherwise communicate and consult, exchange information and points of view, endeavor to cooperate and reach voluntary and non-binding consensus and accord with respect to the establishment, maintenance, revision and cancellation of or otherwise concerning:

(a) Rates, including differential, time/volume, volume incentive, local, proportional (whether origin or destination based), tariff, non-tariff, through, joint, minimum, joint and/or individual service contract and all other kinds of rates;

(b) Charges, including surcharges, arbitraries and outport differentials, detention, per diem, demurrage, handling, bill of lading, and all other kinds of charges;

(c) Classifications;

(d) Rules and practices, including those relating to:

(1) The terms and conditions under which rates or charges may be paid or credit may be extended to shippers, including the currency or currencies of payment, the period (including any credit period) within which payment must be made, and the denial of credit to any shipper failing to comply with such terms and conditions;

(2) The receipt, handling, storage and delivery of cargo;

(3) Payment of compensation including the amount and terms and conditions of payment thereof to ocean transportation intermediaries as defined in Section 3(17)(A) of the Shipping Act of 1984 as amended;

(4). Free time and the positioning, return and interchange of containers, chassis or other cargo handling equipment;

(5) The number and location of any container yards, freight stations and other cargo or equipment depots;

(m) Discussions regarding competitive conditions in that Section and the need or desirability for neutral body or self-policing services, cargo inspection, documentation audit and billing and collection of free time, demurrage and detention charges and services related thereto.

5.02. This Agreement does not authorize any common tariffs. The Members are not required hereunder to agree upon, or if they do agree, to adhere to any uniform rates, charges, practices, conditions of service, or other decisions. Each Member shall designate a point or points of entry for receipt of all inter-Member communications in connection with the operation of this Agreement.

5.03. The Members of a Section, or any two or more of them, may meet in person, by telephone or other electronic means and exchange information, discuss and reach non-binding agreement with respect to any matter authorized by Article 5 hereof. ~~conduct business by written, e-mail, Internet, telex or telefax exchanges or polls. At any meeting and in order to foster a consensus, all Members of a Section may communicate directly with one another and express their views with respect to any matter authorized by Article 5 hereof.~~

~~5.04. All Members may communicate directly or indirectly with some or all of the other Members and exchange information with them, with respect to any matter authorized by Article 5 herein.~~

5.04~~5~~. The Members of any Section, or any two or more of them may jointly enter into service contracts for cargo moving in the Trade. The Members of a Section may adopt voluntary guidelines relating to the terms and procedures of a Member's or Members' service contracts which guidelines shall be submitted confidentially to the Federal Maritime Commission.

5.05~~6~~. Notwithstanding anything to the contrary in Articles 5.01, 5.03, and 5.04~~5~~ hereof, the authority set forth in the aforementioned Articles may be exercised jointly by Members of both Sections with respect to matters of common interest to both Sections. In furtherance of the foregoing, the Members of the Sections are authorized to meet together, discuss, exchange information, reach voluntary, non-binding agreement on, and/or adopt voluntary service contract guidelines applicable to matters within the scope of those Articles.

5.06~~7~~. The Members may charter space to, from and among each other on vessels owned or operated by them on such terms and conditions as they shall agree. The Members may also jointly establish sailing schedules, port rotation, limit sailing and jointly advertise each others vessels, provided however that any such activities in which the Members shall engage pursuant to this Article 5.06~~7~~ shall be on an ad hoc, interim (defined to mean for a period not to exceed ninety (90) days), sporadic or emergency basis, it being understood that all on-going space charter arrangements

(and other activities) shall be pursuant to separate and discreet agreement filed with the Federal Maritime Commission.

5.07~~8~~. The Agreement shall submit to the FMC separate and sequentially numbered confidential minute records on a quarterly calendar year basis reporting all charter arrangements entered into between or among the Members pursuant hereto and specifying, for each such arrangement, (i) the names of the chartering and underlying Members; (ii) the amount of space chartered expressed in twenty foot equivalent container united (TEU's); (iii) the commencement and termination dates; and (iv) the port or ports from or to which it applies. If no such arrangement was entered into during any reporting period, the report for that period shall so state.

5.08~~9~~. In addition to any other authorities established elsewhere in this Agreement, two or more of the Member(s) may meet and otherwise communicate to exchange views, discuss, and consider proposals with respect to rationalization of vessels and/or vessel capacity operated, or which is being planned to be operated, by any one or more Members in all or any portion of the Trade. For purposes of this Article, the term "rationalization" includes arrangements or agreements to: slot charter vessel capacity; cross charter vessel capacity; jointly share or operate vessels and vessel capacity; add or remove vessels or vessel capacity from availability for use in all or any portion of the Trade; reduce, increase or otherwise modify sailing schedules, port calls, or transit times; allocate vessels or vessel capacity for contract and non-contract cargo, for particular routings, particular commodities, for particular equipment sizes or types, or based on cargo weight or other transportation related characteristics; establish a pooling arrangement for cargo (based on commodity, weight, measure, revenue, or container units, hereafter "cargo units") with Member(s) being allocated shares of anticipated cargo units; and to exchange individual, group and tradewide data, reports, plans, projections, and all other information regarding, relevant and/or useful to any or all Member(s) for purposes of the activities provided for hereunder. Pursuant to 46 C.F.R. §535.408(b), any further agreement contemplated herein cannot go into effect unless filed and effective under the Shipping Act of 1984, as amended, except to the extent that such agreement concerns matters within the scope of the aforementioned regulation.

ARTICLE 6: OFFICIALS OF THE AGREEMENT AND DELEGATION OF AUTHORITY

(a) The Members may appoint a Chairman or Chairmen to preside over meetings of the Members within in a Section or as the Agreement. The Members may appoint a Secretariat to provide administrative and housekeeping functions in connection with the operation of this Agreement, delegate such authority to persons performing those services as may be necessary for that purpose and apportion any expenses in connection with administration of the Agreement between

(e) In the event civil penalties are imposed on the Agreement as a result of:

(i) the failure of one or more Members to prepare and arrange for the filing of minutes of any discussion conducted or agreement reached outside of a regularly scheduled or convened meeting of the Agreement; or

(ii) the failure of one or more Members to submit in a timely manner the data necessary to complete the quarterly monitoring reports of the Agreement;

such penalties and all costs associated therewith (including but not limited to attorneys' fees) shall be the responsibility of the Members that participated in such meeting(s) or failed to provide the monitoring report data, and said Members shall be liable to non-participating Members (with respect to minutes) or compliant Members (with respect to monitoring reports) for any civil penalties and all costs associated therewith (including but not limited to attorneys' fees) such non-participating or compliant Members may be required to pay as a result of the conduct described in this Article 11(e).