CENTRAL AMERICA DISCUSSION AGREEMENT

FMC Agreement No. 203-011075-041

A Cooperative Working Agreement
(As Defined in 46 C.F.R. 572.104(h)

Restatement of Agreement

Expiration Date: None

EFFECTIVE

FEDERAL MARITIME COMMISSION

UNDER THE
SHIPPING ACT
OF 1984

DEC 23 1997
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ARTICLE 1: FULL NAME OF THE AGREEMENT

The full name of the Agreement is the Central America Discussion Agreement (the "Agreement").

ARTICLE 2: PURPOSE OF THE AGREEMENT

The purpose of the Agreement is through authorization of discussion, consultation and development of consensus to foster commerce, service and stability in the trade while maintaining the parties freedom of competitive action.

ARTICLE 3: PARTIES TO THE AGREEMENT

The parties to the Agreement are listed in Appendix A hereto.

ARTICLE 4: GEOGRAPHICAL SCOPE OF THE AGREEMENT

The geographic scope of this Agreement shall extend, via direct service or transshipment, to the trade in the following trade areas:

(a) Atlantic, Gulf and West Coast ports of the United States and inland or coastal points in the United States served via such ports, on the one hand and ports in Costa Rica, Honduras, Guatemala, Nicaragua and El Salvador and inland or coastal points in Costa Rica, El Salvador, Guatemala Honduras or Nicaragua served via such ports, on the other hand; and

(b) Atlantic, Gulf and West Coast ports of the United States and inland or coastal points in the United States served via such ports, on the one hand and ports in Panama and inland or coastal points in Panama served via such ports, on the other hand.

All of the foregoing is referred to hereinafter as the "Trade."
ARTICLE 5: AGREEMENT AUTHORITY

5.01. Except as otherwise provided herein, "Section" means each of the three groups of the parties serving the following portions of the Trade, which together encompass the entire Trade:

(a) The Central America Section, serving the trade between the United States (excluding Puerto Rico) and Costa Rica, Honduras, Guatemala, Nicaragua and El Salvador; and

(b) The Panama Section, serving the trade between the United States and Panama.

5.02. The parties to each Section are authorized, but not required, to meet, exchange information or otherwise discuss their separate tariffs, rates, service items, rules and service contracts, in the trade, and to reach consensus or agreement thereon but shall, despite any agreement, have no obligation under this Agreement to adhere, other than voluntarily, thereto. The authority of the parties to each Section includes, but is not limited to, consideration, to do so, on all aspects of transportation and service in the trade, including rates, charges, classification, practices, terms, conditions and rules and regulations applicable to transportation of cargo within the scope of that Section in the trade and to service provided in connection therewith, notice periods for changing rates, service items, port-to-port rates, overland rates, minilandbridge rates, interior point intermodal rates, proportional rates, through rates, inland portions of through rates, joint rates, minimum rates, surcharges, arbitraries, volume rates, time/volume rates, project rates, freight-all-kinds rates, volume incentive programs, loyalty arrangements or fidelity commission systems, conforming to the anti-trust laws of the United States, consolidation, consolidation allowances, rates on commodities exempt from tariff filing, absorptions, equalization, substituted (alternate port) services, allowances, freight forwarder compensation, brokerage, the conditions determining such compensation or brokerage and the payment thereof, receiving, handling, storing, and delivery of cargo, designation of base ports and points, pick up and delivery charges, free time
practices, detention, demurrage, container freight stations, port and inland container yards and container depots, terminals and other points of cargo receipt, vanning, devanning, furnishing equipment to or leasing equipment from shippers/consignees/inland carriers/others, collection agents at destination, maintaining and distributing information and data and statistics and all other practices, rules, regulations, and matters ancillary to transportation of cargo moving within the scope of this Agreement, rules regarding the time and currency in handling of delinquent accounts and interest thereon. The parties will, to the extent required by law or as determined by them, publish and file their own separate tariff or tariffs.

5.03. This Agreement does not authorize any common tariffs. The parties 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 party shall designate a point or points of entry for receipt of all inter-party communications in connection with the operation of this Agreement.

5.04. The parties to each Section may meet in person, by telephone or conduct business by written, telex or telefax exchanges. At any meeting and in order to foster a consensus, all carriers may communicate directly with one another and express their views with respect to any matter authorized by Article 5 hereof.

5.05. To further assist in reaching a consensus, all carriers of a Section may communicate directly with some or all of the other carrier parties of that Section and exchange information with them, with respect to any matter authorized by Article 5 herein, prior to meetings of the Agreement.

5.06. The parties 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 parties may also jointly establish sailing schedules, port rotation, limit sailing and jointly advertise each others vessels.

5.07. The Discussion Agreement shall submit to the FMC separate and sequentially numbered confidential minute records on a quarterly calendar year basis reporting all on-going (i.e. other than casual) 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
carrier parties; (ii) the amount of space chartered expressed in twenty foot equivalent container units (TEU’s); (iii) the commencement and termination dates; and (iv) the port or ports from or to which it applies.

ARTICLE 6: OFFICIALS OF THE AGREEMENT AND DELEGATION OF AUTHORITY

(a) The Chairman of the Agreement shall serve as the Secretary of each Section and shall be responsible for taking minutes of meetings and filing any reports with the Federal Maritime Commission as may be required. The parties 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 or among them.

(b) The persons authorized to file the Agreement or any subsequent modifications thereto with and submit associated supporting materials to the Federal Maritime Commission are Sher & Blackwell, Attorneys-At-Law, or such other persons as the parties may hereafter designate in writing.

ARTICLE 7: MEMBERSHIP

(a) Any ocean common carrier or conference of such carriers (as defined in the Shipping Act of 1984) which is regularly engaged as an ocean common carrier in the Trade, directly or by transshipment, or which furnishes evidence of ability and an intention in good faith to institute and maintain a regular service in the Trade, may hereafter become a party to any or all Sections of this Agreement in which it operates or intends to operate by signing the Agreement or a counterpart copy thereof and furnishing the same to the Executive Director and paying an admission fee of $2,000.00 (U.S.). Prompt notice of admission to membership shall be furnished to the Federal Maritime Commission and no admission shall be effective prior to the date a party’s admission is effective in accordance with the regulations of the Federal Maritime Commission.

(b) No ocean common carrier which has complied with the conditions set forth in this Article shall be denied admission or readmission to membership. Prompt notice of
admission to membership shall be furnished to the Federal Maritime Commission by amendment to this Agreement and no admission shall be effective prior to the postmark date of such notice. Advice of any denial of admission to membership, together with a statement of the reasons therefore, shall be furnished promptly to the Federal Maritime Commission.

(c) Each applicant for admission shall sign a copy of this Agreement. Upon dissolution of the Agreement, all sums of money remaining in the Agreement treasury, after payment of all expenses, shall be divided among the Members at the time of dissolution pro rata.

(d) A Member which is a joint venture or consortium of two or more ocean common carriers but operated as a single entity shall be treated as a single Member for all purposes under this Agreement.

(e) Any Member may resign without penalty from the Agreement or any Section of this Agreement effective not less than thirty (30) days after filing a written notice with the Agreement office, which shall promptly serve the notice on the other Members. Provided, however, that the retention of security for the payment of outstanding obligations hereunder shall not be considered as a penalty. Notice of the resignation of any Member shall be furnished promptly to the Federal Maritime Commission by amendment to this Agreement.

(f) The filing of a notice of resignation shall not, until the resignation becomes effective, relieve a Member of its obligations under this Agreement, but a Member shall not, after filing of a notice of resignation, be entitled to privileges on any Agreement rate, charge, rule or service contract which is to become effective after the date of its resignation, or on any amendment of this Agreement.

(g) Computation of outstanding obligations of any resigning Member, unless otherwise agreed to by the remaining Members, shall include all financial obligations entered into by the Agreement at the time the Member became a party to the Agreement and subsequent thereto up to the effective date of the Member’s resignation. The resigning Member shall also be responsible for its share of the current year’s administration fee, plus the next three (3) months fee towards any financial obligations that the Agreement undertook while it was a Member or to which the Agreement became a party to while it was a Member.
No Member may be expelled against its will from the Agreement except for failure to maintain an ocean common carrier service within the scope of this Agreement (said failure to be determined according to the minimum sailing requirements set forth in paragraph (k) below) or for failure to abide by the terms and conditions of this Agreement including the maintenance of the financial guarantees set forth in paragraph (1) below. Expulsion must be authorized by unanimous vote of all Members entitled to vote, excluding the Member whose expulsion is at issue.

(i) No expulsion shall become effective until a detailed statement setting forth the reasons therefore has been furnished to the expelled Member and a copy thereof has been submitted to the Federal Maritime Commission.

(j) In the event that a Member shall fail to have a sailing within the scope of this Agreement during any period of ninety (90) consecutive days, strikes and force majeure excepted, such Member shall thereupon not be entitled to privileges on any and all Agreement matters, and the right to vote shall be restored only after such Member has loaded cargo and sailed vessel in the Trade. Failure to have a sailing within the scope of the Trade during any period of one hundred twenty (120) consecutive days, strikes a force majeure excepted, shall constitute cause for expulsion.

(k) Simultaneous with admission to Agreement membership, a Member shall furnish to the Chairman a financial guarantee of its compliance with all of the terms and provisions of this Agreement and rules and regulations thereunder. No Member shall be entitled to membership privileges until it has furnished the financial guarantee. Said guarantee shall consist of:

1. The sum of Five Thousand ($5,000.00) Dollars United States Currency. Such sum shall be deposited by the Agreement in an interest bearing account or invested in United States Government Securities in the name of the Agreement either of which may be drawn upon by the Chairman or in his absence any other officer duly authorized.

2. A surety bond or confirmed irrevocable letter of credit, in such form as shall be acceptable to the Chairman, in the sum Five Thousand ($5,000.00) Dollars United States Currency, established by a bank which is a Member of the New York
Clearing House. Such surety bond or letter of credit shall provide that it may be drawn upon in full or in part by draft payable to the order of the Agreement, signed in the name of the Agreement by the Chairman, or in his absence any other officer duly authorized to so act and countersigned by a Member Line of the Executive Committee of this Agreement to which there shall be attached a certificate signed by the Chairman or in his absence any other officer duly authorized to so act, to the effect that (1) there has been assessed or adjudged against the Member who shall have deposited said surety bond or letter of credit the amount of said draft or (2) that there are expenses or liabilities, actual or contingent, of the Agreement incurred or accrued during said Member's membership in the Agreement to which the party's share of which is unpaid and equal to or exceeded by the amount of said draft.

(1) In the event that a Member has failed to pay an expense invoice issued by the Agreement within sixty (60) days from the date it is issued, it shall lose all privileges under this Agreement. If said invoice remains unpaid after ninety (90) days then the Chairman shall immediately draw down the Member's security deposit. The Member shall not have its privileges reinstated until its security deposit has been fully restored.

(m) Such security deposit shall be retained by the Agreement until the Member is released from all liabilities by the Agreement or ninety (90) days from the effective date of the Member's withdrawal from the Agreement, whichever shall first occur. Provided however, that if on such date the Chairman certifies that there is any undischarged financial liability of the Agreement, contingent or payable, accruing during the period of the Member's membership, such security deposit shall be retained during the pendency of any investigation, arbitration or litigation which might result in a liability to such Member, or until the violations or claim has been settled in accordance with the provisions of this Agreement.

(n) All interest accruing on funds or securities so deposited shall be for the account of the depositing Member and shall be remitted promptly to it.

(o) In the event a Member has failed to maintain or replenish its security deposit as required by this Article, the Chairman shall upon the expiration of 30 calendar days after its security deposit has been drawn upon or after 90 calendar days
from the date of admission then the Member shall automatically be expelled from Membership and the Chairman shall immediately notify in writing the Member and the Federal Maritime Commission accordingly.

ARTICLE 8: VOTING

There is no voting under this Agreement. Any consensus or agreement reached by some or all parties hereunder shall be a matter of voluntary adherence by those parties choosing to so agree. Provided, however, that any matter submitted to Agreement shall be acted upon within two business days following the day of its receipt by the parties.

ARTICLE 9: DURATION AND TERMINATION OF THE AGREEMENT

This Agreement shall enter into force, and may be implemented, as of the first day it becomes effective pursuant to the Shipping Act of 1984. This Agreement shall continue in effect indefinitely until cancelled by the parties. Any party may terminate its membership in the Agreement by giving thirty (30) days written notice to the other parties. Notice of withdrawal of a party shall be promptly furnished to the Federal Maritime Commission.

ARTICLE 10: AMENDMENTS AND EXECUTION

This Agreement may be modified by unanimous agreement of the parties and any modification hereto shall be executed in writing. If it is executed by separate counterparts, each such counterpart shall be deemed an original, and all of which together shall constitute a single instrument.
Members of the Central America Section

CONCORDE SHIPPING, INC.
929 Bienville Street
New Orleans, Louisiana 70112

GLOBAL REEFER CARRIERS LTD.
d/b/a NETWORK SHIPPING LTD.
800 Douglas Entrance
Building B, Suite 140
Coral Gables, FL 33134

DOLE FRESH FRUIT
P.O. Box 1689
Gulfport, Mississippi 39505

KING OCEAN CENTRAL AMERICA, S.A.
7570 N.W. 14th Street
Miami, FL 33126

CROWLEY AMERICAN TRANSPORT, INC.
P.O. Box 2110
Jacksonville, FL 32203-2110

SEABOARD MARINE, LTD.
3401-A N.W. 72nd Ave.
Miami, FL 33122

A.P. MOLLER MAERSK LINE
Esplanaden 50
DK-1098 Copenhagen
Denmark

SEA-LAND SERVICE, INC.
6000 Carnegie Boulevard
Charlotte, NC 28209-4637
Members of the Panama Section

CROWLEY AMERICAN TRANSPORT, INC.
P.O. Box 2110
Jacksonville, FL 32203-2110

A.P. MOLLER MAERSK LINE
Esplanaden 50
DK-1098 Copenhagen
Denmark

SEABOARD MARINE, LTD.
3401-A N.W. 72nd Ave.
Miami, FL 33122

SEA-LAND SERVICE, INC.
6000 Carnegie Boulevard
Charlotte, NC 28209-4637
Central America Discussion Agreement  
FMC Agreement No. 203-011075-041

SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties to Agreement No. 203-011075 hereby agree, this 17th day of October 1997, to restate the Agreement and to file same with the U.S. Federal Maritime Commission.

CENTRAL AMERICA DISCUSSION AGREEMENT

[Signature]
Nathan J. Bayer  
Authorized to execute pursuant to Article 6 of the Agreement