THE Alliance Agreement

FMC Agreement No. 012439

A Vessel Sharing Agreement

Expiration Date: See Article 7
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ARTICLE 1:  FULL NAME OF THE AGREEMENT

1.1 The full name of this Agreement is THE Alliance Agreement (hereinafter referred to as the “Agreement”).

ARTICLE 2:  PARTIES TO THE AGREEMENT

2.1 The Parties to the Agreement are:

- Hapag Lloyd Aktiengesellschaft¹
  Ballindamm 25
  20095 Hamburg, Germany
  and
  Hapag-Lloyd USA LLC
  399 Hoes Lane
  Piscataway, NJ, 08854 USA
  (operating as one party for all purposes hereunder)

- Kawasaki Kisen Kaisha, Ltd. [until terminated pursuant to Article 16]
  Iino Building, 2-1-1, Uchisaiwai Cho, Chiyoda-ku, Tokyo 100-0011, Japan

- Mitsui O.S.K. Lines, Ltd. [until terminated pursuant to Article 16]
  1-1 Toranomon 2-Chome, Minato-ku, Tokyo 105-8688, Japan

- Nippon Yusen Kaisha [until terminated pursuant to Article 16]
  3-2 Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-0005, Japan

- Ocean Network Express Pte. Ltd. (effective as of the Transition Date, as provided for in Article 16)
  240 Tanjong Pagar Road, #05-00 Keppel Towers 2, Singapore 088540

¹ It is recognized that Hapag-Lloyd is in the process of acquiring ownership of United Arab Shipping Company (UASC). The transaction is expected to close well prior to the commencement date for operations under this Agreement. After closing, it may take some time for the assets of UASC to be integrated into the operations of Hapag-Lloyd, and UASC’s vessels may be operated separately under UASC bills of lading during a transition period. The Parties acknowledge and agree that both before and after closing of the Hapag-Lloyd/UASC transaction, the assets and services of UASC may be considered and discussed, and information relating thereto exchanged, in connection with Hapag-Lloyd’s participation as a Party to this Agreement, the services to be offered under this Agreement, and the other authorities provided for under this Agreement.
ARTICLE 3:  PURPOSE OF THE AGREEMENT

3.1 The purpose of this Agreement is to authorize the Parties to charter and exchange space on one another’s vessels and to rationalize, coordinate and cooperate with respect to the Parties’ transportation services and operations in order to improve efficiency, save costs, and provide premium service to the shipping public in the Trade.

ARTICLE 4:  GEOGRAPHIC SCOPE OF THE AGREEMENT

4.1 The geographic scope of this Agreement is the trade between ports in North Asia, South Asia, Middle East (including the Arabian Gulf and Red Sea Regions), Northern Europe, Mediterranean, Adriatic, and Black Sea, Egypt, Panama, Mexico, Canada, Central America and the Caribbean on the one hand, and ports on the East, Gulf, and West Coasts of the United States, by any route including via the Panama and Suez Canals or the Cape of Good Hope, on the other, as well as ports and points served via such U.S. and foreign ports (the “Trade”). The specific countries/regions that are within the geographic scope of this Agreement are listed in Appendix A hereto.

There shall be no geographic restrictions on the origin or destination of cargo carried on vessels employed in the services established pursuant to this Agreement. In other words, such cargo may originate from or be destined for ports or points outside the geographic scope of this Agreement. The inclusion of any non U.S. trades in this Agreement shall not bring such non U.S. trades under the jurisdiction of the U.S. Federal Maritime Commission or entitle the Parties hereto to immunity from the U.S. antitrust laws with respect to such non U.S. trades.

ARTICLE 5:  AGREEMENT AUTHORITY

5.1 The Parties are authorized to meet together, discuss, reach agreement and take actions necessary to implement or effectuate agreements regarding sharing of vessels, chartering or exchange of space, rationalization and related coordination and cooperative activities pertaining to their operations and services, and related equipment, vessels and facilities in the Trade. It is initially contemplated that the Parties will jointly coordinate the operation and sharing of space on 151 container vessels in the Trade with nominal capacities ranging from 3,000-14,500 TEUs.
majority vote shall require 3 or more votes; for a three Party agreement, a majority shall require 2 or more votes), provided that in the case of a split decision on routine operational matters, the vessel operator may make the decision based on the applicable established operating procedures of that vessel operator, with the basic guiding rule that vessels being on schedule and meeting their proforma windows shall take priority. The Parties may discuss and agree from time to time on other voting rules for specific decisions not otherwise set forth in this subparagraph.

6.3 The following persons are authorized to subscribe to and file this Agreement and any accompanying materials, as well as any subsequent modifications to this Agreement which may be adopted by the Parties:

(a) Any authorized officer of each of the Parties; and

(b) Legal counsel for the Parties collectively or individually.

6.4 The Parties may implement this Agreement by decisions made or actions taken at meetings or by telephone, fax, e-mail, or exchange of other writing.

ARTICLE 7: DURATION AND TERMINATION OF AGREEMENT

7.1 This Agreement shall be effective as of the later of April 1, 2017 or the date it becomes effective under the U.S. Shipping Act of 1984, as amended, and shall continue in effect until April 1, 2022. Thereafter, the Agreement will be automatically renewed for additional one (1) year terms unless terminated by a Party or Parties according to the provisions of this Article 7, unanimous agreement of the Parties, or withdrawal of all but one of the Parties.

7.2 Any Party shall have the right to withdraw from this Agreement without financial or other penalty by giving twelve (12) months’ written notice, provided that such notice may not be given prior to April 1, 2020.

7.3 [RESERVED]
15.2 This Agreement is not intended to create, and shall not be construed as creating, a partnership or joint liability under the law of any jurisdiction.

15.3 The Parties shall not be deemed to be a joint service as it may be defined in the Shipping Act of 1984, as amended, and/or the regulations of the Federal Maritime Commission, and shall maintain separate sales organizations. In addition, the Parties shall be independent contractors in relation to one another and, except as any two or more Parties may agree, no Party shall be deemed to be the agent of another.

15.4 Should any document, such as a related operating agreement, contain clauses and/or provisions that are or could be interpreted as being contrary to the terms of this Agreement, the terms of this Agreement shall prevail.

**ARTICLE 16: TRANSITION**

16.1 Effective April 1, 2018 (the “Transition Date”), the container liner operations of Kawasaki Kisen Kaisha, Ltd.; Mitsui O.S.K. Lines, Ltd.; and Nippon Yusen Kaisha (each individually a “3J Line” and collectively the “3J Lines”) shall be combined into a new company known as Ocean Network Express Pte. Ltd. (“ONE”). In light of the foregoing, the Parties hereto agree as follows:

(a) Effective as of the Transition Date, this Agreement is hereby amended to add ONE as a Party.

(b) Subject to subparagraph (c) below, effective as of the Transition Date, each of the 3J Lines hereby transfers and assigns all its rights, obligations and liabilities under the Agreement to ONE and, subject to subparagraph (c) below, this Agreement shall automatically be terminated vis-a-vis and cease to apply or bind each of the 3J Lines, and with the same terms and conditions, automatically be effectuated to apply to and bind ONE. ONE hereby accepts above effectuation the transfer and assignment of, and agrees to assume, all of the rights, obligations and liabilities of each of the 3J Lines under the Agreement effective as of the Transition Date. The other Parties to the Agreement hereby consent to the herein described transfer and assignment.

(c) Notwithstanding subparagraph (b) above, each of the 3J Lines shall remain liable to the other Parties to the Agreement for its obligations under the Agreement with respect to the period prior to the Transition Date, as well as for any obligations arising out of or in connection with voyage legs which began prior to the Transition Date but which will not be completed until after the Transition Date and any cargo movements thereon. In this regard, it is understood and agreed by all Parties that ONE shall be responsible only for those obligations arising out of or in connection with voyage legs and/or cargo movements being performed by it, and shall not be responsible for
voyage legs and/or cargo movements performed by any 3J Line. The obligations of the 3J Lines under this subparagraph (c) shall survive the termination of the membership of the 3J Lines in this Agreement.

(d) Subject to the last sentence of subparagraph (c) above, effective as of the Transition Date, the Agreement is hereby amended to delete each of the 3J Lines as a Party; provided, however, that notwithstanding said deletion, each of the 3J Lines shall remain a Party to this Agreement for purposes of completing voyage legs and for fulfilling all obligations arising out of or in connection with such voyage legs which began prior to the Transition Date but which will not be completed until after the Transition Date and any cargo movements thereon.

(e) Prior to the Transition Date, ONE is authorized to attend and participate in all decisions under this Agreement. Notwithstanding the foregoing, ONE shall have no voting rights under the Agreement until after the Transition Date. ¹

¹ Notwithstanding ONE’s participation in discussions under the Agreement prior to the Transition Date, no antitrust immunity shall be conferred upon ONE for discussions that occur prior to the Transition Date.
APPENDIX A

The following countries are within the geographic scope of the Agreement:

Belgium
Canada
Colombia
Guatemala
Dominican Republic
Egypt
France
Germany
Hong Kong
India
Italy
Japan
Malaysia
Mexico
Morocco
Netherlands
Panama
People’s Republic of China
Singapore
South Korea
Spain
Sri Lanka
Taiwan
Thailand
United Arab Emirates
United Kingdom
United States
Vietnam