

SHIP MANAGEMENT AGREEMENT

THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO)
STANDARD SHIP MANAGEMENT AGREEMENT
CODE NAME: "SHIPMAN 98"

PART I

1. Date of Agreement	Name of Vessel
2. Owners (name, place of registered office and law of registry) (Cl. 1)	3. Managers (name, place of registered office and law of registry) (Cl. 1)
Name	Name
Place of registered office	Place of registered office
Law of registry	Law of registry
4. Day and year of commencement of Agreement (Cl. 2)	
5. Crew Management (state "yes" or "no" as agreed) (Cl. 3.1)	6. Technical Management (state "yes" or "no" as agreed) (Cl. 3.2)
7. Commercial Management (state "yes" or "no" as agreed) (Cl. 3.3)	8. Insurance Arrangements (state "yes" or "no" as agreed) (Cl. 3.4)
9. Accounting Services (state "yes" or "no" as agreed) (Cl. 3.5)	10. Sale or purchase of the Vessel (state "yes" or "no" as agreed) (Cl. 3.6)
11. Provisions (state "yes" or "no" as agreed) (Cl. 3.7)	12. Bunkering (state "yes" or "no" as agreed) (Cl. 3.8)
13. Chartering Services Period (only to be filled in if "yes" stated in Box 7) (Cl. 3.3(i))	14. Owners' Insurance (state alternative (i), (ii) or (iii) of Cl. 6.3)
15. Annual Management Fee (state annual amount) (Cl. 8.1)	16. Severance Costs (state maximum amount) (Cl. 8.4(ii))
17. Day and year of termination of Agreement (Cl. 17)	18. Law and Arbitration (state alternative 19.1, 19.2 or 19.3; if 19.3 place of arbitration must be stated) (Cl. 19)
19. Notices (state postal and cable address, telex and telefax number for serving notice and communication to the Owners) (Cl. 20)	20. Notices (state postal and cable address, telex and telefax number for serving notice and communication to the Managers) (Cl. 20)

It is mutually agreed between the party stated in Box 2 and the party stated in Box 3 that this Agreement consisting of PART I and PART II as well as Annexes "A" (Details of Vessel), "B" (Details of Crew) and "D" (Associated Vessels) attached hereto, shall be performed subject to the conditions contained herein. In the event of a conflict of conditions, the provisions of PART I and Annexes "A" and "B"; "C" and "D" shall prevail over those of PART II to the extent of such conflict but no further.

Signature(s) (Owners)	Signature(s) (Managers)
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deductibles and franchises.	132	6. Insurance Policies	193
3.5 Accounting Services	133	The Owners shall procure, whether by instructing the Managers	194
<i>(only applicable if agreed according to Box 9)</i>	134	under sub-clause 3.4 or otherwise, that throughout the period of	195
The Managers shall:	135	this Agreement:	196
(i) establish an accounting system which meets the	136	6.1 at the Owners' expense, the Vessel is insured for not less than	197
requirements of the Owners and provide regular accounting	137	her sound market value or entered for her full gross tonnage, as the	198
services, supply regular reports and records,	138	case may be for:	199
(ii) maintain the records of all costs and expenditure incurred as	139	(i) usual hull and machinery marine risks (including crew	200
well as data necessary or proper for the settlement of accounts	140	negligence) and excess liabilities;	201
between the parties.	141	(ii) protection and indemnity risks (including pollution risks and	202
		Crew Insurances); and	203
3.6 Sale or Purchase of the Vessel	142	(iii) war risks (including protection and indemnity and crew risks)	204
<i>(only applicable if agreed according to Box 10)</i>	143	in accordance with the best practice of prudent owners of	205
The Managers shall, in accordance with the Owners' instructions,	144	vessels of a similar type to the Vessel, with first class insurance	206
supervise the sale or purchase of the Vessel, including the	145	companies, underwriters or associations ("the Owners'	207
performance of any sale or purchase agreement, but not	146	Insurances");	208
negotiation of the same.	147	6.2 all premiums and calls on the Owners' Insurances are paid	209
		promptly by their due date,	210
3.7 Provisions <i>(only applicable if agreed according to Box 11)</i>	148	6.3 the Owners' Insurances name the Managers and, subject	211
The Managers shall arrange for the supply of provisions.	149	to underwriters' agreement, any third party designated by the	212
		Managers as a joint assured, with full cover, with the Owners	213
3.8 Bunkering <i>(only applicable if agreed according to Box 12)</i>	150	obtaining cover in respect of each of the insurances specified in	214
The Managers shall arrange for the provision of bunker, of the	151	sub-clause 6.1:	215
quality specified by the Owners as required for the Vessel's trade.	152	(i) on terms whereby the Managers and any such third party	216
		are liable in respect of premiums or calls arising in connection	217
4. Managers' Obligations	153	with the Owners' Insurances; or	218
4.1 The Managers undertake to use their best endeavours to	154	(ii) if reasonably obtainable, on terms such that neither the	219
provide the agreed Management Services as agents for and on	155	Managers nor any such third party shall be under any	220
behalf of the Owners in accordance with sound ship management	156	liability in respect of premiums or calls arising in connection	221
practice and to protect and promote the interests of the Owners in	157	with the Owners' Insurances; or	222
all matters relating to the provision of services hereunder.	158	(iii) on such other terms as may be agreed in writing.	223
Provided, however, that the Managers in the performance of their	159	<i>Indicate alternative (i), (ii) or (iii) in Box 14. If Box 14 is left</i>	224
management responsibilities under this Agreement shall be entitled	160	<i>blank then (i) applies</i>	225
to have regard to their overall responsibility in relation to all vessels	161	6.4 written evidence is provided, to the reasonable satisfaction	226
as may from time to time be entrusted to their management and	162	of the Managers, of their compliance with their obligations under	227
in particular, but without prejudice to the generality of the foregoing,	163	Clause 6 within a reasonable time of the commencement of	228
the Managers shall be entitled to allocate available supplies,	164	the Agreement, and of each renewal date and, if specifically	229
manpower and services in such manner as in the prevailing	165	requested, of each payment date of the Owners' Insurances.	230
circumstances the Managers in their absolute discretion consider	166		
to be fair and reasonable.	167	7. Income Collected and Expenses Paid on Behalf of Owners	231
4.2 Where the Managers are providing Technical Management in	168	7.1 All moneys collected by the Managers under the terms of this	232
accordance with sub-clause 3.2, they shall procure that the	169	Agreement (other than moneys payable by the Owners to	233
requirements of the law of the flag of the Vessel are satisfied and	170	the Managers) and any interest thereon shall be held to the	234
they shall in particular be deemed to be the "Company" as defined	171	credit of the Owners in a separate bank account.	235
by the ISM Code, assuming the responsibility for the operation of	172	7.2 All expenses incurred by the Managers under the terms	236
the Vessel and taking over the duties and responsibilities imposed	173	of this Agreement on behalf of the Owners (including expenses	237
by the ISM Code when applicable.	174	as provided in Clause 8) may be debited against the Owners	238
		in the account referred to under sub-clause 7.1 but shall in any	239
5. Owners' Obligations	175	event remain payable by the Owners to the Managers on	240
5.1 The Owners shall pay all sums due to the Managers punctually	176	demand.	241
in accordance with the terms of this Agreement.	177		
5.2 Where the Managers are providing Technical Management	178	8. Management Fee	242
in accordance with sub-clause 3.2, the Owners shall:	179	8.1 The Owners shall pay to the Managers for their services	243
(i) procure that all officers and ratings supplied by them or on	180	as Managers under this Agreement an annual management	244
their behalf comply with the requirements of STCW 95;	181	fee as stated in Box 15 which shall be payable, by equal	245
(ii) instruct such officers and ratings to obey all reasonable orders	182	monthly instalments in advance, the first instalment being	246
of the Managers in connection with the operation of the	183	payable on the commencement of this Agreement (see	247
Managers' safety management system.	184	Clause 2 and Box 4) and subsequent instalments being	248
5.3 Where the Managers are not providing Technical Management	185	payable every month.	249
in accordance with sub-clause 3.2, the Owners shall procure that	186	8.2 The management fee shall be subject to an annual review	250
the requirements of the law of the flag of the Vessel are satisfied	187	on the anniversary date of the Agreement and the proposed	251
and that they, or such other entity as may be appointed by them	188	fee shall be presented in the annual budget referred to in sub-	252
and identified to the Managers, shall be deemed to be the	189	clause 9.1.	253
"Company" as defined by the ISM Code assuming the responsibility	190	8.3 The Managers shall, at no extra cost to the Owners, provide	254
for the operation of the Vessel and taking over the duties and	191	their own office accommodation, office staff, facilities and	255
responsibilities imposed by the ISM Code when applicable.	192	stationery. Without limiting the generality of Clause 7 the Owners	256
		shall reimburse the Managers for postage and communication	257
		expenses, travelling expenses, and other out of pocket expenses	258
		properly incurred by the Managers in pursuance of the	259

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Owners' request, all documentation and records related to the Safety Management System (SMS) and/or the Crew which the Owners need in order to demonstrate compliance with the ISM Code and STCW 95 or to defend a claim against a third party.	393 394 395 396 397	running, or an unlawful trade, or on a voyage which in the reasonable opinion of the Managers is unduly hazardous or improper, the Managers may give notice of the default to the Owners, requiring them to remedy it as soon as practically possible. In the event that the Owners fail to remedy it within a reasonable time to the satisfaction of the Managers, the Managers shall be entitled to terminate the Agreement with immediate effect by notice in writing.	456 457 458 459 460 461 462 463 464
13. General Administration	398	18.2 Managers' Default	465
13.1 The Managers shall handle and settle all claims arising out of the Management Services hereunder and keep the Owners informed regarding any incident of which the Managers become aware which gives or may give rise to claims or disputes involving third parties.	399 400 401 402 403	If the Managers fail to meet their obligations under Clauses 3 and 4 of this Agreement for any reason within the control of the Managers, the Owners may give notice to the Managers of the default, requiring them to remedy it as soon as practically possible. In the event that the Managers fail to remedy it within a reasonable time to the satisfaction of the Owners, the Owners shall be entitled to terminate the Agreement with immediate effect by notice in writing.	466 467 468 469 470 471 472 473
13.2 The Managers shall, as instructed by the Owners, bring or defend actions, suits or proceedings in connection with matters entrusted to the Managers according to this Agreement.	404 405 406	18.3 Extraordinary Termination	474
13.3 The Managers shall also have power to obtain legal or technical or other outside expert advice in relation to the handling and settlement of claims and disputes or all other matters affecting the interests of the Owners in respect of the Vessel.	407 408 409 410	This Agreement shall be deemed to be terminated in the case of the sale of the Vessel or if the Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss or is requisitioned.	475 476 477 478
13.4 The Owners shall arrange for the provision of any necessary guarantee bond or other security.	411 412	18.4 For the purpose of sub-clause 18.3 hereof	479
13.5 Any costs reasonably incurred by the Managers in carrying out their obligations according to Clause 13 shall be reimbursed by the Owners.	413 414 415	(i) the date upon which the Vessel is to be treated as having been sold or otherwise disposed of shall be the date on which the Owners cease to be registered as Owners of the Vessel;	480 481 482 483
14. Auditing	416	(ii) the Vessel shall not be deemed to be lost unless either she has become an actual total loss or agreement has been reached with her underwriters in respect of her constructive, compromised or arranged total loss or if such agreement with her underwriters is not reached it is adjudged by a competent tribunal that a constructive loss of the Vessel has occurred.	484 485 486 487 488 489 490
The Managers shall at all times maintain and keep true and correct accounts and shall make the same available for inspection and auditing by the Owners at such times as may be mutually agreed. On the termination, for whatever reasons, of this Agreement, the Managers shall release to the Owners, if so requested, the originals where possible, or otherwise certified copies, of all such accounts and all documents specifically relating to the Vessel and her operation.	417 418 419 420 421 422 423 424	18.5 This Agreement shall terminate forthwith in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of either party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors.	491 492 493 494 495 496 497
15. Inspection of Vessel	425	18.6 The termination of this Agreement shall be without prejudice to all rights accrued due between the parties prior to the date of termination.	498 499 500
The Owners shall have the right at any time after giving reasonable notice to the Managers to inspect the Vessel for any reason they consider necessary.	426 427 428	19. Law and Arbitration	501
16. Compliance with Laws and Regulations	429	19.1 This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.	502 503 504 505 506 507 508
The Managers will not do or permit to be done anything which might cause any breach or infringement of the laws and regulations of the Vessel's flag, or of the places where she trades.	430 431 432	The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.	509 510 511 512
17. Duration of the Agreement	433	The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice	513 514 515 516 517 518 519 520 521 522 523
This Agreement shall come into effect on the day and year stated in Box 4 and shall continue until the date stated in Box 17. Thereafter it shall continue until terminated by either party giving to the other notice in writing, in which event the Agreement shall terminate upon the expiration of a period of three months from the date upon which such notice was given.	434 435 436 437 438 439		
18. Termination	440		
18.1 Owners' Default	441		
(i) The Managers shall be entitled to terminate the Agreement with immediate effect by notice in writing if any moneys payable by the Owners under this Agreement and/or the owners of any associated vessel, details of which are listed in Annex "D", shall not have been received in the Managers' nominated account within ten running days of receipt by the Owners of the Manager's written request or if the Vessel is repossessed by the Mortgagees.	442 443 444 445 446 447 448 449		
(ii) If the Owners:	450		
(a) fail to meet their obligations under sub-clauses 5.2 and 5.3 of this Agreement for any reason within their control, or	451 452 453		
(b) proceed with the employment of or continue to employ the Vessel in the carriage of contraband, blockade	454 455		

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to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.	524 525 526 527	591 592 593 594
Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.	528 529 530	595 596 597
In cases where neither the claim nor any counterclaim exceeds the sum of €50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.	531 532 533 534 535	598 599 600 601 602
19.2 This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the Maritime Law of the United States and any dispute arising out of or in connection with this Agreement shall be referred to three persons at New York, 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 purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.	536 537 538 539 540 541 542 543 544 545 546 547	603 604 605 606 607 608 609 610 611 612 613 614
In cases where neither the claim nor any counterclaim exceeds the sum of USD 50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc. current at the time when the arbitration proceedings are commenced.	548 549 550 551 552 553	615 616 617 618 619 620
19.3 This Agreement shall be governed by and construed in accordance with the laws of the place mutually agreed by the parties and any dispute arising out of or in connection with this Agreement shall be referred to arbitration at a mutually agreed place, subject to the procedures applicable there.	554 555 556 557 558	621 622 623 624 625
19.4 If Box 18 in Part I is not appropriately filled in, sub-clause 19.1 of this Clause shall apply.	559 560	626 627
<i>Note: 19.1, 19.2 and 19.3 are alternatives; indicate alternative agreed in Box 18.</i>	561 562 563	628 629 630
20. Notices	564	631
20.1 Any notice to be given by either party to the other party shall be in writing and may be sent by fax, telex, registered or recorded mail or by personal service.	565 566 567	632 633 634
20.2 The address of the Parties for service of such communication shall be as stated in Boxes 19 and 20, respectively.	568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590	635 636 637 638