

**MEMORANDUM OF UNDERSTANDING
OCEAN DUCHESS, INC./AMO
MARAD DTMA-91-97-R-0002
2000 SUPPLEMENT
RRF FLEET**

THIS MEMORANDUM OF UNDERSTANDING entered into by and between Ocean Duchess, Inc. (herein Company) and American Maritime Officers (herein Union) and is binding upon themselves and their successors and assigns.

WHEREAS, the Parties, hereto, have outstanding a collective bargaining agreement, as amended from time to time, through negotiations or arbitrations (herein Agreement) covering Licensed Officers employed aboard Company owned or operated U.S. flag oceangoing vessels; and

WHEREAS, the Company has submitted a proposal in response to the Maritime Administration (MARAD) Request For Proposals (RFP) DTMA91-97-R-00002 "Operation and Maintenance of Ready Reserve Fleet (RRF)," and has been awarded a group(s) of ships to operate thereunder; and

WHEREAS, the Parties wish to memorialize their agreement as to wages, benefits and terms and conditions of employment to be enjoyed by Officers to be employed by the Company as the awardee in the resultant contract by MARAD.

1.1 A. The Union agrees to all terms of the above captioned RFP setting forth the selection process, employment and re-employment of licensed Officers. To the fullest extent possible, all Officers shall be permanently assigned and permitted to return to work after periods of absence for vacation, sick leaves, leaves of absence or any other authorized leave.

B. 1. The resultant agreement between your Company, if an awardee, and this Union shall specially contain the following clauses as noted in the RFP:

a) The Company shall have the right to select any applicant furnished by the Union and those so selected shall remain in continuous employment unless terminated by the Company or self. It is further understood that assignments of Master, Chief Officers, Chief Engineers, First Assistants and their replacements are subject to MARAD approval, which shall not be unreasonably withheld and shall be in writing.

b) If MARAD has reason to be dissatisfied with the



October 20, 2000
Marad DTMA-91-97-R-00002 (RFP)
(RRF) Fleet 2000 Supplement

qualifications, conduct or performance of any Officer, MARAD will provide written particulars to the Company who will promptly notify the Union. Jointly, they will investigate same and take appropriate action.

c) If MARAD notifies the Company that the employment or continued employment of the Master or any other Officer is prejudicial to the interests or endangers the security of the United States of America, the concerned Master's or other Officers' assignment shall be canceled immediately.

d) Where a dispute arises relative to item 2 above, that dispute shall be submitted for immediate arbitration, nevertheless, the concerned Officer shall be removed from the assignment immediately. The arbitrator shall be instructed that where unjustifiable termination is decided, the settlement can only be in cash form. Officers once terminated shall not be reassigned again.

2. Where a dispute arises relative to the patriotism of an Officer, item c above, that dispute shall be submitted for immediate arbitration, nevertheless, the concerned Officer shall be removed from the assignment immediately. The arbitrator shall be instructed that where unjustifiable termination is decided, the settlement can only be in cash form. Officers once terminated shall not be reassigned again.

C. The "Sales and Transfers", "Parity" and "Severance" provisions of the Agreement shall not apply to any vessel(s) awarded as a result of the subject RFP.

1.1.2 All Officers to be assigned shall:

- (a) be U.S. citizens (which is a requirement in order to obtain a USCG license);
- (b) meet requirements of the USCG and possess current, valid USCG licenses, including Radar Observer Endorsements and a GMDSS certification for Deck Officers;
- (c) possess a valid U.S. passport;
- (d) possess Federally Required Test certificate(s);
- (e) be certified by the Company designated licensed physician to be fit for duty in accordance with the requirements of this RFP;
- (f) shall participate in all sea trials and emergency sorties;



October 20, 2000
Marad DTMA-91-97-R-00002 (RFP)
(RRF) Fleet 2000 Supplement

(g) possess security clearance as required; and

(h) and be trained in accordance with IMO STCW convention as ratified and in the subject matter and manner required by this RFP.

- 1.1.3. Whenever possible graduates of state and federal maritime academies shall be given equal employment opportunities when filling any vacancy in the employment of these vessels.
- 1.1.4. Should the Union be unable to supply a qualified Officer(s) whenever and wherever requested by the Company, the Union shall notify the Company which shall have the right to acquire same from any source.
- 1.1.5. The Company shall have the right to require Officers to wear uniforms and to establish and enforce appropriate dress and grooming standards for Officers.
- 1.1.6. Officers who report aboard without the required documents, as noted above, shall be replaced immediately with the replacement's travel costs borne by such terminated Officer.

1.2. No Strike

There shall not be any strikes, lock-outs, concerted slowdowns or any other interferences for any reason whatsoever with the operation of the subject vessels during the resultant contract between the Company and MARAD. Any Officer(s) taking part in any such action shall be immediately terminated and replaced at no additional cost to the Company or Government. The Company shall operate the ship(s) to support all MARAD requirements which shall have precedence over any and all terms of this Agreement.

2.1. All rates of pay and overtime and vacation entitlement are provided in Appendix "A" attached hereto.

2.2. There shall be ten (10) holidays:

- | | |
|----------------------------|---------------------|
| 1) New Years Day | 6) Labor Day |
| 2) Martin L. King Birthday | 7) Columbus Day |
| 3) Presidents Day | 8) Veteran's Day |
| 4) Memorial Day | 9) Thanksgiving Day |
| 5) Independence Day | 10) Christmas Day |



October 20, 2000
Marad DTMA-91-97-R-00002 (RFP)
(RRF) Fleet 2000 Supplement

2.3. "ROS" and "FOS" shall be as defined in the resultant agreement between the Company and MARAD.

2.3.1 While in ROS, the manning scale shall be as agreed upon between MARAD and the Company.

2.3.2 While in FOS, the manning scale shall be as agreed upon between MARAD and the Company.

2.3.3 The manning scales in 2.3.1 and 2.3.2 above shall be adjusted only in accordance with the provisions of the Agreement between the Company and MARAD.

3.1 Wages shall commence on the day the Officer actually "turns to" aboard the vessel.

3.1.1. Effective August 1, 2000, the Monthly Base Wages used for the purpose of calculating pension benefits shall be at levels no higher than those in effect January 1, 2000.

3.1.2. The Company agrees to become and/or remain party to the various AMO Plans, entities and committees (including the MPB and the non-contributory 401(k) Plans) and to make contributions thereto for all days of "covered" employment which includes period for which earned and unearned wages are paid, in the amount noted in the confidential "Contribution Letter" which is made part of this Agreement.

3.1.3 There shall not be any duplication of contributions to the various benefit plans, entities and committees. When processing an application for vacation benefits earned while in "FOS", the Vacation Plan shall deduct one day of covered employment before calculating the benefit payable. Such deduction shall be per non-continuous pay periods.

3.1.4 A. When a vessel is in FOS:

Whenever subsistence and lodging are not provided, Officers shall be reimbursed for same in accordance with the Federal Travel Regulation (JTR) rates.

B. When a vessel is not in FOS:

Whenever subsistence and lodging are not provided, the Company shall pay thirty eight (\$38.00) dollars per day for subsistence and forty (\$40.00) dollars per day for lodging to each Officer.



October 20, 2000
Marad DTMA-91-97-R-00002 (RFP)
(RRF) Fleet 2000 Supplement

- 3.1.5 A. Officers are entitled to economy air transportation from their home to the ship and back to their home. No Officer shall be entitled to transportation home when fired for cause, or signs off by "mutual" consent prior to the completion of the assignment duration when in FOS. The normal assignment period shall be one hundred and twenty (120) days.
- B. When a vessel is not in FOS transportation shall be paid in accordance with the appropriate provisions contained in the RFP.
- 4.1 AMO realizes, to the fullest, the purpose of the RRF. Should activation of RRF vessels occur, all Union required shipping procedures shall be waived. The Union will assign or approve assignments of any qualified Officer regardless of registration, membership or lack thereof, vacation status or permanent assignments to other contracted vessels. Traditional shipboard jurisdiction shall be waived. Length of assignments shall be waived.
- 4.1.2 We will coordinate with all contracted companies, who are awardees under this RFP, an ongoing program to establish and maintain a pool of Officers familiarized with these vessels. This includes utilizing vessels awarded to contracted companies for familiarizing members and non-members.
- 4.1.3 We will be receptive to, and actively work towards, the pooling of manpower from all sources in order to effectively crew groups of vessels when activated during an emergency(ies).
- 5.1 Unless specifically approved in writing, the vessels, covered herein, will not carry spouses, dependents, friends or guests of Officers.
- 6.1. Grievances:

No claim by an Officer of an alleged contract violation by the Company, including but not, limited to, non-payment of overtime or other remuneration payments, or for wrongful termination, will be entertained after payoff of said Officer unless within fifteen (15) days thereafter, a written claim, by letter or otherwise, by the Officer or by a Union representative acting on behalf of the grieving Officer, is filed with the Company at its corporate office. If a claim is filed by the Officer with the Company, a copy of said claim shall be sent to the Union Vice President, Deep Sea, at Union Headquarters in the same manner as the claim is presented by the Officer to the Company. However, if filing within fifteen (15) days after payoff is prevented by some cause beyond the control of the Officer, such time limitation shall be automatically extended for an additional



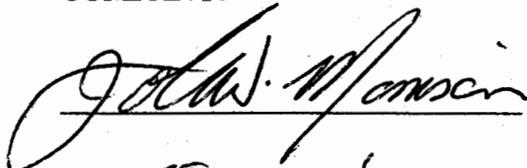
October 20, 2000
Marad DTMA-91-97-R-00002 (RFP)
(RRF) Fleet 2000 Supplement

fifteen (15) days. Whenever a properly presented claim is disputed by the Company, the Company shall, within fifteen (15) days of receipt of same, provide written notice setting forth the reason(s) for denial to the Union Vice President, Deep Sea, at Union Headquarters. Thereafter, discussions between the Union and the Company shall take place in a good faith effort to resolve the issue(s). If no satisfactory resolution is achieved within fifteen (15) days after the commencement of discussions, the Arbitration procedures contained in the Agreement may be invoked by either the Company or the Union. Time limitations noted herein are in calendar days, which may be extended only by written mutual consent of the Parties. Noncompliance with the time limitations set forth herein by the Company or the Union, including any mutually agreed upon extended time limitations, shall result in said claim(s) being considered resolved in favor of the party that did not violate such time limitations.

- 7.1 Any provisions of the Agreement not specifically modified herein remain in full force and effect. This Supplement shall be in force and effect for the duration of its resultant agreement between the Company and MARAD and binding upon the Parties, their successors and assigns.

AGREED TO THIS 20th DAY OF OCTOBER 2000.

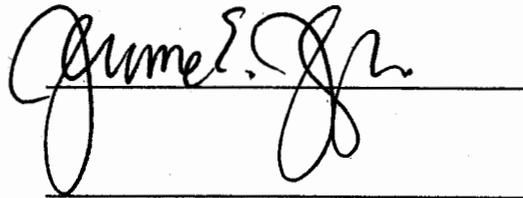
COMPANY:



1ST OCT. '00

OCEAN BUSINESS INC.
E. V. P.

UNION:





APPENDIX "A"
(ECONOMIC MATTERS)
(DTMA91-97-R-00002)
RRF FLEET
October 2000

1. Full Operating Status (FOS)

A) Wages:

The Monthly Base Wages, NWA's and Hourly Overtime Rates to be paid to Officers employed on a vessel is FOS are as follows:

Effective, the first day of operation:

	<u>Monthly Base:</u>	<u>*Monthly NWA:</u>	<u>Hourly O/T Rate</u>
Master	\$9,124.30	\$1,845.23	\$1,950.00**
Chief Engineer	8,901.74	1,800.23	1,950.00**
C/O; 1A/E	5,634.37	1,139.46	40.64
RO; ET	5,271.97	1,066.17	38.04
2/O; 2A/E	4,909.56	992.88	35.42
3/OM; 3A/E	4,277.12	864.98	30.86

Port Relief Rate:	\$33.28 per hour
Premium/Penalty Rate:	\$12.43 per hour
Engine Room Standby at Sea:	\$25.00 per tour (unattended E.R. vessels)
Engine Room Standby in Port:	\$12.43 per hour (unattended E.R. vessels)

* NWAs shall be added to the Base Wages for the purposes of calculating Vacation and MPB benefits for all Officers and also included for Masters, and Chief Engineers when employed aboard ship.

** Monthly payment (prorated) in lieu of all other forms of additional compensation unless otherwise provided.

B) FOS Officers:

1. Penalty Rate: The Penalty Rate shall be payable for "Delayed Sailing" in United States ports for all hours between two (2) hours after the posted time and one (1) hour before the letting go of the first line, unless the sailing board is changed within four (4) hours prior to departure. Penalty Rate is also payable when an Officer performs "dirty work" and/or "unlicensed work."



2. **Port Relief Rate:** The Port Relief Rate shall be paid for all hours Port Relief Officers are employed. Port Relief Officers shall be employed on weekends and holidays when a vessel is in FOS in a United States port or whenever otherwise requested by the Company. Weekends shall commence at 1700 hours Friday and end at 0800 hours Monday. Holidays shall commence at 1700 hours on the eve of the holiday and end at 0800 hours the day after the holiday. When Port Relief Officers are required but not employed, the applicable overtime rate shall apply for the shipboard Officer.
3. **Overtime:** For all hours of work performed in excess of eight (8) hours in any one (1) day on weekdays and for all hours of work performed on weekends and holidays, Officers (except Masters and Chief Engineers) shall be paid at their overtime rate.
4. **Overtime Rule:** When overtime is performed, such work shall be paid at one half (1/2) hour increments except of the first hour, which shall be a full hour. There shall be no pyramiding of overtime.
5. **Vacation:** Masters, Chief Engineers, Chief Mates, and First Assistant Engineers shall be entitled to thirty (30) days of paid vacation for each thirty (30) days of "shipboard employment." All other Officers shall be entitled to twenty-six (26) days of paid vacation for each thirty (30) days of "shipboard employment."
6. **GMDSS:** When a Radio Officer (RO) or Electronics Technician (ET) is not employed, an Officer who is properly GMDSS certified and actually performs communication duties, shall be compensated by an additional payment of \$1,800.00 per month, prorated when appropriate and allocated when more than one (1) qualified Officer performs such additional work.

II. Reduced Operating Status (ROS) & Repair Availability Status (RAV)

A) Wages:

The Weekly Base Wages and Hourly Overtime Rates to be paid to Officers employed on a vessel in ROS & RAV are as follows:

Effective on the first day of operation:

	<u>Weekly Base</u>	<u>Hourly Overtime</u>
Master	\$2,040.01	\$49.22
Chief Engineer	1,874.67	45.92
C/O; 1A/E	1,591.17	37.50
RO; ET	1,488.80	34.54
2/O; 2A/E	1,386.42	31.58
3/O; 3A/E	1,228.50	27.56

Premium/Penalty Rate: \$12.43 per hour



III. FOS and ROS/RAV Miscellaneous

A) Wage Increases and Commencement of Wages:

1. There shall be an increase of three percent (3%) of Total Labor Cost (TLC) for Officers effective each anniversary date for the duration of this Agreement commencing with the second anniversary date. TLC is defined to include all rates of pay (Base Wages and NWAs), overtime, all other forms of compensation paid and all benefit contributions. TLC excludes feeding, transportation, overlap costs and taxes.

2. Wages shall commence no later than the day the Officer actually "turns-to" aboard the vessel.

3. All wages and benefits shall apply as specified herein regardless of vessel location.

B) Transportation, Subsistence and Lodging:

1. Transportation:

a) Launch service to and from a vessel shall be provided, when necessary, at Company's expense.

b) For air travel, unless otherwise provided, between home and ship and vice versa, and from one Company ship to another Company ship, Officers shall receive economy class air transportation and be reimbursed for reasonable expenses associated with such travel. For other travel, Officers' travel expenses shall be reimbursed in accordance with the government's Joint Travel Regulations (JTR) for the area in which the travel occurs.

c) A "travel per diem" equal to the Daily Base Wage (Monthly Base divided by 30 for FOS, or Weekly Base divided by 7 for ROS/RAV) shall be paid to Officers required to join a vessel outside the Continental United States, nearby foreign and the State of Hawaii (fringe benefit contributions are not required), starting the day the Officer flies out or is scheduled to fly out directly to the vessel and ending the day the Officer boards the vessel. For travel between one Company ship to another Company ship, covered herein, Officers' wages shall continue at the rate the Officers are employed and all benefit contributions shall be made by the Company.

2. Subsistence and Lodging:

a) Officers shall, at all times, be housed and fed aboard the vessel upon which employed or another Company vessel that is "nested" alongside.

b) Subsistence and lodging expenses incurred because housing and/or property prepared hot meals are not provided aboard ship or the nested vessel shall be reimbursed in accordance with the government's Joint Travel Regulation (JTR) for the area.



B) ROS/RAV Officers:

1. Work Week: The week shall be Monday through Sunday, during which Officers shall work Monday through Friday (0800-1700) with a mutually agreed upon rotating overnight, weekend and holiday watches or security checks as required. Weekly wages shall be divided by seven when determining earnings for Officers who work less than a full week; provided, however, that no Officer shall receive less than the above noted weekly rate of pay when such Officer works Monday through Friday and the vessel remains in ROS throughout the subsequent weekend.

2. Security Watches: Security checks/watches shall be shared equally by all shipboard Officers. There shall be no additional compensation for routine security watch standing; provided, however, that Officers, who are required to perform work during security checks/watches shall be paid at their overtime rate for all such hours. Merely answering an alarm or making routine rounds while standing such watches, is not considered "work performed."

3. Overtime: For all hours of work performed in excess of eight (8) hours in any one (1) day Monday through Friday and for all hours of work performed on weekends and holidays, all Officers shall be paid at their overtime rate. There shall be no pyramiding of overtime.

4. Penalty Rate: The Penalty Rate is payable when an Officer performs "dirty work" and/or "unlicensed work."

5. Call Back: It is understood and agreed that on holidays in port, the Security Watch Officers on all vessels and/or the Duty Engineers on unattended engine room vessels shall receive eight (8) hours of pay at their overtime rate. All other Officers called back to work on Saturdays, Sundays and holidays shall receive a minimum of four (4) hours of pay at their overtime rate.

6. Compensatory Time: Officers who elect to take compensatory time off instead of overtime payment will be entitled to hour for hour time off with pay. Compensatory time may be taken in conjunction with vacations.

7. Vacation and Sick Days: Officers shall earn one and a half (1.5) days of paid vacation and one (1) day of paid sick leave for each thirty (30) days on the payroll. Pay in lieu of time off for earned vacation days is permissible. Pay for vacation and sick days shall be paid directly by the Company.

8. Routine Tour. Officers assigned to a vessel when in ROS/RAV must remain aboard for at least one (1) Routine Tour, in the Officer's ROS capacity or higher, when such vessel is put into FOS.

9. Probationary Period: Officers assigned to a vessel when in ROS/RAV shall be considered probationary for the first sixty (60) days of employment. During this probationary period, the Company may terminate employment for any lawful reason and there shall be no recourse through the grievance procedure contained in the Agreement.



c) Holidays

1. There shall be ten (10) paid holidays for all Officers as follows:

- a) New Years Day
- b) Martin L King Birthday
- c) President's Day
- d) Memorial Day
- e) Independence Day
- f) Labor Day
- g) Columbus Day
- h) Veterans' Day
- i) Thanksgiving Day
- j) Christmas Day

2. Recognized holidays shall be celebrated on the day proclaimed by the Federal Government otherwise on the day they occur or on the subsequent Monday if occurrence is on a Saturday or Sunday.

D) Status and Manning Scales:

1. "ROS", "RAV", and "FOS" shall be defined in the resultant agreement between MARAD and the Company.

2. While in ROS/RAV, the manning scale shall be as agreed upon between MARAD and the Company.

3. While in FOS, the manning scale shall be as agreed upon between MARAD and the Company.

4. The manning scales in sub-sections D2 and D3, herein and directly above, shall be adjusted only in accordance with the provisions of the Agreement between MARAD and Company; provided, however, that the manning scale shall always be no less than that required by the Certificate of Inspection issued by the United States Coast Guard.

E) Unattended Engine Rooms:

1. For unattended engine room at sea or in port, the number of routine tours of the engine room to be conducted during weekdays, weekends and holidays shall be determined by the Company and Chief Engineer.

2. In port, when a Duty Engineer is required to remain aboard the vessel between the hours of 5 P.M. and 8 A.M. on weekdays and all hours on Saturdays, Sundays, and holidays, such Engineer shall be paid at the Engine Room Standby in Port hourly rate of pay for all such hours; provided, however, that such Duty Engineer shall be paid, in lieu of the Engine Room Standby in Port hourly rate of pay, overtime for all hours of work performed during such hours.



3. At sea, for each routine tour of the engine room, the Duty Engineer shall receive the Engine Room Standby at Sea rate of pay and be paid overtime for all hours of work performed between the hours of 5 P.M. and 8 A.M. on weekdays and all hours on Saturdays, Sundays and holidays.

4. In port or at sea, no additional compensation shall be paid to the Duty Engineer who merely answers an alarm.

F) Benefit Contributions:

1. The Company agrees to become and/or remain party to the various benefits plans and entities and to make contributions thereto in accordance with the Confidential Contribution Letter attached and made part hereof.

2. Except as may be otherwise provided, all benefits contributions shall be made on a day for day basis, that is, when a vessel is in ROS/RAV such contributions shall be made monthly on a seven day week basis (daily contribution rate multiplied by 365 then divided by 12). When a vessel is in FOS such contributions shall be made on the well-established practice of monthly payments within the Rules and Regulations of the various benefit plans.

IV. Bonus Payments

A) Dangerous Cargo Bonus:

1. When carrying "Dangerous Cargo" of fifty (50) long tons or more, Officers shall be paid an additional ten percent (10%) of their Base Wages commencing the day of commencement of loading through the day of discharge of such cargo.

2. For this purpose, "Dangerous Cargo" is defined as Class "A" munitions or dangerous explosives in accordance with the Interstate Commerce Commission's classification, such as:

- a) Ammunition for cannons of 27 mm (1.5 in) caliber or larger;
- b) Ammunition for cannons with explosive projectiles;
- c) Projectiles, grenades, bombs, mines, torpedoes;
- d) Black powder or low explosives;
- e) Ammunition with explosive bullets;
- f) Ammunition with explosive chemicals;
- g) High explosive such as dynamite, etc.;
- h) Initiating or priming explosives such as blasting caps; and
- i) Nuclear explosives.

3. This section shall not apply to small arms, ammunition, signaling devices, etc., carried for the protection of the ship.



B) War Zone and Imminent Danger Zone Bonuses:

1. While a vessel is being operated in or traversing waters described as being a "War Zone" by an appropriate U.S. Government Agency, all Officers shall receive a bonus equal to one hundred percent (100%) of Base Wages on a day for day basis.
2. While a vessel is being operated in or traversing waters described as being an "Imminent Danger Zone" by an appropriate U.S. Government Agency, all Officers shall receive a daily bonus equal to the bonus paid to U.S. Military Personnel assigned to the area, or, civil mariners, whichever is higher.
3. For BI and B2 herein and directly above, the appropriate bonus shall be paid effective the day the vessel enters the "zone" and shall terminate effective the day after the vessel departs the "zone," or effective the day the respective "zone" designation is withdrawn by the appropriate U.S. Government Agency, whichever occurs first.

C) Other Bonuses:

1. A "Harbor Attack Bonus" and a "Vessel Attack Bonus" of six hundred dollars (\$600.00) and one thousand dollars (\$1,000.00), respectively, shall be paid to all Officers on a per incident basis.
2. Warning shots across the bow in compliance with International Law does not constitute an "attack" of any kind.
3. It is understood that when a "Vessel Attack Bonus" is paid, no "Harbor Attack Bonus" shall be paid for that particular harbor on that particular day.

D) Additional Insurance:

1. For the duration that a vessel is in the above described "zones," the Company shall provide to Officers, at its own cost, insurance covering loss of life, disability, including dismemberment and loss of functions, detention and loss or damage to personal effects, by a policy substantially in the form of the Second Seamen's War Risk Policy.
2. The policy amounts payable under such war risk insurance shall be the same as those described in the Second Seaman's War Risk Policy except that the benefit for loss of life shall be six hundred thousand dollars (\$600,000.00).

