

April 14, 2011

«Company_Name»
«Address_Line_1»
«City_State_Zip», ,

ATTN: ALL STEAMSHIP COMPANIES AND AGENTS
SUBJECT: PILOTING CONTRACT

To Whom It May Concern:

Jacobsen Pilot Service, Inc. (hereinafter "Jacobsen") provides piloting services under the same terms and conditions, regardless of whether the vessel is in Los Angeles or Long Beach harbors or elsewhere. Pursuant to a contract with the Port of Long Beach, Jacobsen provides Pilots for those vessels covered by the provisions of Long Beach Tariff No. 4 which request piloting services. Even if Long Beach Tariff No. 4 does not apply to a movement, though, Jacobsen provides piloting service solely on the agreement and understanding that all terms and conditions set forth in this letter, which are consistent with and authorized by California Harbors and Navigation Code Sections 440-444 and Long Beach Tariff No. 4, apply to all such movements.

We urge you to familiarize yourself with all of the terms of the Tariff, particularly Items 205 and 220, Exception 2(b) copies of which are enclosed, and with the terms set forth in this letter. It must be understood and agreed that this letter, and the Tariff, if applicable, constitute the contract for all piloting services rendered by Jacobsen and its employees.

A central feature of the contract is that a Jacobsen Pilot is the "borrowed servant," or temporary employee, of the vessel and its owners, agents, charterers and operators while providing piloting services. By requesting a pilot, the vessel and its owners, agents, charterers and operators expressly agree that Jacobsen pilots are employees of the vessel and its owners, agents, charters and operators during performance of the piloting services. The borrowed servant relationship begins and the terms of this piloting contract take effect when the pilot is in route to the vessel and continue in effect until the pilot safely departs the ship.

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It is further understood and agreed and is the essence of the arrangement under which Jacobsen provides piloting services that"

The vessel requesting piloting services and its owners, agents, Charterers and operators **covenant and agree** not to assert any claims against the Pilot, Jacobsen, or any employee of Jacobsen for damages, (including any rights over) arising out of or connected with, directly or indirectly any damage, loss, or expense sustained by the vessel, its owners, agents, charterers, operators or crew, and by any third parties, even though resulting, in whole or in part from acts, omissions, negligence (whether active, passive or sole), or breach of warranty of the Pilot, Jacobsen, or any employee of Jacobsen. The vessel and its owners, agents, charterers and operators **further covenant and agree**, to the fullest extent permitted by law notwithstanding any limitation of liability to which they are entitled by contract, bill of lading, statute or other provision of law in force, **to indemnify and hold harmless** the Pilot, Jacobsen, and employees of Jacobsen with respect to liability arising from any and all claims, suits or actions, by whomsoever asserted, resulting in whole or in part from acts, omissions, negligence (whether active, passive or sole), or breach of warranty of the Pilot, Jacobsen, or any employee of Jacobsen. These covenants and agreements do not apply to such liability and rights as may arise from the willful misconduct or gross negligence of the Pilot, Jacobsen, or employees of Jacobsen.

If any vessel on whose behalf piloting services are requested is not owned by the person or company ordering the services it is understood and agreed that that person or entity warrants his/its authority to bind the vessel and its owners, charterers and operators to all the provisions contained within the foregoing paragraph, and that person or entity agrees **to indemnify and hold harmless** the Pilot, Jacobsen, and employees of Jacobsen with respect to all losses, damages and expenses that may be suffered or incurred in consequence of that person or entity not having such authority.

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The piloting services provided by Jacobsen are not compulsory. Piloting services are voluntarily requested and voluntarily rendered in reliance upon Long Beach Tariff No. 4 and the terms specified above.

It is understood and agreed that the foregoing covenant and agreement of the vessel and its owners, agents, charterers and operators to indemnify and hold harmless the Pilot, Jacobsen and employees of Jacobsen includes the duty to indemnify all attorney fees, expert fees and costs incurred by the Pilot and/or Jacobsen to defend any claim, suit or action.

It is further understood and agreed that Jacobsen shall be entitled to recover its attorney's fees and costs in any action or proceeding to enforce its rights under the piloting contract and/or the Long Beach Tariff, including actions to enforce the foregoing covenants and agreements of the vessel owners, agents, charterers and operators not to assert claims against the Pilot, Jacobsen, or any employee of Jacobsen and to indemnify and hold harmless the Pilot, Jacobsen, and employees of Jacobsen with respect to liability arising from any and all claims, suits or actions. In the event Jacobsen becomes involved in litigation or arbitration with a vessel and/or its owners, agents, charterers and operators arising out of the provision of piloting services, Jacobsen shall be entitled to recover and be fully compensated for its attorney's fees and costs (including expert fees and costs) incurred in any such proceeding.

To make effective the foregoing covenants and agreements of the vessel owners, agents, charterers and operators not to assert claims against the Pilot, Jacobsen, or any employee of Jacobsen and to **indemnify and hold harmless** the Pilot, Jacobsen, and employees of Jacobsen with respect to liability arising from any and all claims, suits or actions, the vessel owners, agents, charterers and operators covenant and agree to maintain in full force and effect at all times

the piloting contract is in effect a policy or policies of protection and indemnity ("P&I") insurance insuring against loss or damage to persons or property caused by the vessel requesting piloting services. Said P&I insurance shall provide that the Pilot, Jacobsen, and employees of Jacobsen while providing piloting services pursuant to this contract, as borrowed servants of the vessel and its owners, agents, charterers and operators, shall be additional named insured. Such P&I insurance shall be primary and not contributing with any other insurance maintained by Jacobsen, and the P&I insurer shall have no right of subrogation against the Pilot, Jacobsen, and employees of Jacobsen. Said P&I insurance shall contain broad form contractual liability coverage applicable to the piloting contract and an endorsement providing that the P&I insurance shall apply to the obligations assumed by the vessel owners, agents, charterers and operators under this piloting contract.

In the event the vessel owners, agents, charterers or operators do not wish to extend coverage as additional named insured under the vessel's P&I insurance to the Pilot, Jacobsen, and employees of Jacobsen described in the preceding paragraph, Jacobsen Pilot Service offers trip insurance coverage that you can purchase to partially or wholly cover the consequences of the negligence of the Pilot, Jacobsen, or Jacobsen's employees. Trip Insurance coverage is available through an insurance company at a cost which is not included in the ordinary charges for piloting services. The rates for this insurance are subject to change annually around the first of July. Presently, the charge made for this trip insurance coverage is \$95.55 per movement and the limits of coverage are \$1,000,000 per occurrence with excess coverage of \$4,000,000. The trip insurance will act as primary insurance to the vessel's P&I insurance but only as to the consequences of the negligence of the Pilot, Jacobsen, or Jacobsen's employees and not any other cause. However, purchasing trip insurance does not relieve or discharge you or the vessel owners from the duty to defend and indemnify Jacobsen Pilot Service and its pilots and employees. Regardless of whether you purchase trip insurance, by

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employing a Jacobsen pilot, you and the vessel owners are making a binding and irrevocable agreement to defend and indemnify Jacobsen Pilot Service, as set forth in Items 205 and 220 of Long Beach Tariff No. 4.

Whenever the term "trip insurance" is used in this letter, it means insurance covering the vessel, its owners, agents, charterers and operators, as their interest may appear, against those losses or physical damages to the vessel and against those legal liabilities and damages which arise from acts, omissions or negligence, of Jacobsen, Jacobsen's Pilot, and Jacobsen's employees; provided, however, that the insurance will provide coverage only for that portion of the losses, damages and liability sustained by the vessel, its owners, agents, charterers and operators which are proximately caused by the negligence of the Pilot, Jacobsen or employees of Jacobsen. No coverage is provided for loss, damages and liabilities resulting from any other cause whatsoever.

A copy of the insurance policy under which the trip insurance is available will be provided upon written request sent to Jacobsen.

The insurance company requires that the trip insurance be initiated in the following manner:

- 1) If you wish trip insurance for each and every movement, execute Form #1 (copy enclosed) and deliver it to Jacobsen. As soon as this bears our date/time stamp, trip insurance for every trip/movement will automatically be provided to you at a premium of \$95.55 per trip/movement. This arrangement will remain in force until you notify Jacobsen in writing to the contrary. However, please note that we cannot bind the coverage beyond the current policy year, because there is always a chance the underwriters will not renew the trip insurance policy. We do not expect that to happen, and the underwriters have renewed the trip insurance policy annually for almost 30 years. If the trip insurance policy is not renewed for any reason, we will notify you.

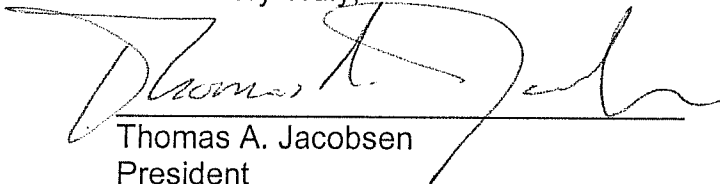
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- 2) If you elect to obtain trip insurance for a specific trip/movement, a separate instruction Form #2 (copy enclosed) must be executed, delivered to Jacobsen Pilot Service, Inc., Pilot Station, 1259 Pier F Avenue, Long Beach, Ca. and date/time stamped prior to the commencement of each trip/movement to be insured. The premium will be at the same rate and billed in the same manner set forth in 1) above.
- 3) For emergency situations, each Pilot will have with him copies of Instruction Form #2. Should the Master or Agent request trip insurance prior to a scheduled trip/movement, the Master must sign instruction Form #2 prior to the trip/movement. The Pilot will then inform the Pilot Station Dispatcher by radio, and the Dispatcher will then date/time stamp a similar form at the Pilot Station and the insurance will become effective as of that time. It is mandatory that this procedure be initiated prior to the trip/movement, and it is incumbent upon the Master or Agent to assure himself that this procedure has been completed. He may do this by listening to the radio conversation between the Pilot and the Pilot Station Dispatcher.

If you have any question concerning the terms of this contract, please contact the writer as soon as possible because Jacobsen is responding to your requests for piloting service in reliance upon your agreement to the terms of the contract stated herein.

Yours Very Truly,



Thomas A. Jacobsen
President