

HORIZON LINES, LLC

INTERMODAL INTERCHANGE

AGREEMENT

**HORIZON LINES, LLC
INTERMODAL INTERCHANGE
AGREEMENT**

**HORIZON LINES, LLC
INTERMODAL INTERCHANGE AGREEMENT
PREAMBLE**

The parties to this Agreement are Horizon Lines, LLC (herein referred to as "Horizon Lines, LLC" or "Owner") and the Carrier named below (herein referred to as "Carrier"). The Carrier owning or operating Equipment for intermodal interchange service, agrees, jointly and severally, to be bound by each and all the provisions of this Agreement and subsequent amendments or revisions thereof, governing the interchange and use of, repairs to, and settlement for, Equipment used in intermodal interchange service.

Horizon Lines, LLC reserves the right to terminate this Agreement upon fourteen (14) days advance notice in writing, in the event the Carrier fails to maintain satisfactory credit ratings, is delinquent in making payment, and/or Carrier performance issues exist that impact on service to Horizon Lines, LLC's customers.

IN WITNESS WHEREOF, this agreement has been signed this _____ day of _____, 20_____, by the duly authorized representative of the Carrier hereinafter designated.

Carrier: _____

By: _____ Title: _____
(Signature)

Business Address: _____

No. Street City

County State Zip Code

Telephone Number: _____ Fax Number: _____

E-Mail Address: _____

Type of Organization: _____
(individual, partnership or corporation)

If a Corporation:

State in which organized: _____

Date of incorporation: _____

If a Partnership:

Date of formation of partnership: _____

Name of all partners: _____

I.C.C./Federal Highway Administration/Federal Motor Carrier Safety Administration/U.S. Department of Transportation Operating Authority and Identification numbers (list all applicable): _____

SCAC Alpha Code: _____

Accepted this _____ day of _____, 20____.

Heather A. Stack
Manager, Finance and Fleet Administration

Address: 4100 Alpha Rd.
Suite 700
Dallas, TX 75244

CONCURRENCE

[MOTOR CARRIER NAME]
(Hereafter referred to as "Motor Carrier")

(Street)

(City, State, Zip)

Date: _____

This is to certify that Motor Carrier assents to and concurs in all freight tariffs and supplements thereto, filed by Horizon Lines, LLC or its tariff publishing agents in which the undersigned carrier is shown as a participant, and the undersigned carrier hereby makes itself a party thereto and bound thereby insofar as such tariffs apply from, to, via or at points on its lines or in its territory. This Concurrence shall remain in effect until terminated by either party giving not less than 30 days' written notice to the other party. This Concurrence is effective as of the effective date of the Motor Carrier's participation in the tariffs of Horizon Lines, LLC

Horizon Lines, LLC

[MOTOR CARRIER NAME]

By: **Heather Stack**
Manager, Finance and
Fleet Administration

By: _____
[SIGNATURE]

Its: _____
[TITLE]

SCAC Alpha Code: _____

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Date of incorporation: _____

If a Partnership:

Date of formation of partnership: _____

Name of all partners: _____

I.C.C./Federal Highway Administration/Federal Motor Carrier Safety Administration/U.S. Department of Transportation Operating Authority and Identification numbers (list all applicable): _____

SCAC Alpha Code: _____

Accepted this _____ day of _____, 20____.

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Horizon Lines, LLC

[MOTOR CARRIER NAME]

By: **Heather Stack**
Manager, Finance and
Fleet Administration

By: _____
[SIGNATURE]

Its: _____
[TITLE]

SCAC Alpha Code: _____

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DEFINITION OF TERMS

Where the following terms appear in this Agreement they shall have the meaning indicated:

1. AGREEMENT - A term referring to the Horizon Lines, LLC Intermodal Interchange Agreement.
2. SUBSCRIBER - A Carrier that is a signatory to an Intermodal Interchange Agreement with Horizon Lines, LLC
3. EQUIPMENT - Trailers, containers, generator sets, chassis, bogies and component parts thereof.
4. USER - A Carrier that is a party to an Intermodal Interchange Agreement with Horizon Lines, LLC and is in possession of Equipment.
5. DELIVERING CARRIER - A User offering Equipment to another Carrier whether or not a Subscriber.
6. RECEIVING CARRIER - A User accepting Equipment from another Carrier whether or not a Subscriber.
7. USE CHARGE - The charges to be paid for Equipment by Users to Horizon Lines, LLC pursuant to this Agreement.
8. INTERCHANGE POINT - An agreed location where two or more Carriers or a User and Horizon Lines, LLC receive and/or deliver Equipment.
9. INTERCHANGE - The transfer of Equipment pursuant to this Agreement, consummated when the Equipment interchange receipt and safety inspection report form is properly executed.
10. OWNER - Horizon Lines, LLC.
11. PORT-TO-PORT MOVE - A truck move using Horizon Lines, LLC operated Equipment where the move is not contracted with or paid for by Horizon Lines, LLC
12. INTERMODAL MOVE - A truck move using Horizon Lines, LLC operated Equipment where the move is contracted with and/or paid for by Horizon Lines, LLC

PART I
TERMS AND CONDITIONS

SECTION 1. GENERAL

- 1.1 These Terms and Conditions shall govern the interchange and use of, repairs to, and settlement for Equipment whenever such Equipment is being used and interchanged pursuant to this Agreement.
- 1.2 If a Subscriber interchanges Equipment with a non-Subscriber, the Subscriber will be responsible for the performance of all Terms and Conditions of this Agreement in the same manner as if the Equipment were in the possession of the Subscriber.
- 1.3 In this Agreement, the Carrier which is a signatory party hereto may also be referred to as Subscriber, User, Receiving Carrier, and Delivering Carrier.

SECTION 2. RECEIPTS AND REPORTS

- 2.1 At the time of Interchange an authorized representative of each party shall execute in multiple copies as the interchanging parties may require, an Equipment interchange receipt and safety inspection report form, and the parties shall be bound by the notations thereon.

SECTION 3. LIABILITY FOR AND USE OF EQUIPMENT

- 3.1 Responsibility of User.
 - a) User shall be fully liable for, and have the right of complete inspection, control supervision and/or rejection of Equipment while in its possession and shall be responsible for returning or interchanging the Equipment in the same condition as received, ordinary wear and tear excepted, and with all dunnage, debris and similar items having been removed.
 - b) In the absence of instructions from Horizon Lines, LLC, or agreement to the contrary, when Equipment in interchange service is unloaded, it will be the responsibility of the User to promptly return such Equipment to Horizon Lines, LLC at the point received.
 - c) Horizon Lines, LLC will promptly accept the return of empty Equipment.
 - d) The cost of decontaminating Equipment that has been loaded with contaminating commodities shall be the responsibility of the User who loaded, or arranged for the loading or unloading of, such Equipment.

- e) User warrants that it possesses and will continue to possess for the duration of this Agreement all requisite Authorities to use and operate Equipment received under this Agreement. User agrees that Equipment received under this Agreement shall be operated in conformity with all applicable Federal, State and local government Statutes and Regulations, including those of the U.S. Customs Service, and, further agrees to indemnify and hold Horizon Lines, LLC harmless for any violations resulting from User's failure to comply with such Authorities, Statutes, and Regulations, whether or not such violation is intentional.

3.2 Adjustment or Transfer of Lading

- a) Adjustment or transfer of cargo being transported in the Equipment shall be the responsibility of the Delivering Carrier:
 - 1. When required at point of interchange due to defective Equipment which cannot be readily repaired;
 - 2. When due to overload in violation of Item 4, Section A, of Part II of this Agreement.
- b) If the Delivering Carrier fails to adjust or transfer cargo where required, Receiving Carrier may cause transfer to be made at expense of Delivering Carrier.

SECTION 4. DAMAGE, REPAIRS, MAINTENANCE AND BILLING

- 4.1 In the event Equipment is damaged after being received in Interchange, the User in possession at the time the damage occurred shall, at its sole expense, return the Equipment to a condition that meets Horizon Lines, LLC's standards. Any material applied must be of similar quality and type as material removed and all repairs, when completed, are subject to acceptance by Horizon Lines, LLC. In the event of failure of the User to make such repairs it shall, nevertheless, be responsible for the cost thereof.
- 4.2 In the event a Subscriber delivers Equipment to a non-Subscriber, the Subscriber will remain responsible to Horizon Lines, LLC for any damage to the Equipment until its return to Horizon Lines, LLC or its interchange with another Subscriber.
- 4.3 In the event Equipment shall require repairs before being accepted in interchange, Delivering Carrier shall be responsible for the cost of repairs. Receiving Carrier may cause repairs to be made and bill Delivering Carrier for the cost thereof. If estimated cost of foregoing repairs exceeds \$100, consent of Delivering Carrier shall be obtained before Receiving Carrier causes repairs to be made.
- 4.4 In the event of repairs necessitated by defective Equipment, User shall make such repairs that do not exceed \$100 as may be necessary. User shall secure the approval of Owner before making any repairs, the estimated cost of which will exceed \$100. When the cost of repairs exceed \$100, the Owner shall be responsible for the entire cost thereof and User shall be promptly reimbursed. Owner may request return of replace parts whenever cost of repairs exceeds \$100.

- 4.5 In the event the User returns Equipment to the Owner in a damaged condition, Owner shall take appropriate exception on the Equipment Interchange Receipt, and, before making repairs, Owner shall notify the User if the estimated cost thereof will exceed \$100. User shall respond to Owner's notification within three (3) working days following receipt of the notification. Owner shall bill the User for the cost of the repairs within ninety (90) days of receipt of notification from the User. Billing must include Owner's marks or alpha code and Equipment number, chassis number and an itemized repair list.
- 4.6 Ordinary maintenance and other service adjustments occasioned by ordinary use in interchange will be:
- a) Absorbed by User when cost thereof does not exceed \$100.
 - b) Billed to and borne by Owner in entirety when cost exceeds \$100.
 - c) Authorized by the Owner prior to commencement of repairs when estimated cost exceeds \$100.
 - d) Billed to the Owner by User within ninety (90) days after repairs have been completed, unless otherwise agreed upon. Billing must include owner marks or alpha code and Equipment number, chassis number, date and location where repaired, and all details concerning items of repair.
- 4.7 Unless otherwise provided, material used in making repairs shall be charged at current market prices, which shall be the invoice price plus commercial freight. However, when repairs are made in commercial shops or outside repair facilities, the actual amount invoiced for such material and labor must be used.
- 4.8 When repairs are made by User, labor shall be charged on the basis of actual time consumed in making repairs but shall not exceed the labor rates then prevailing in the area.
- 4.9 Equipment owned or leased by parties other than Owner, which is utilized by User under this Agreement, may be subject to additional terms and conditions (e.g., road service policies or other similar terms and conditions) which are incorporated herein by reference and which are made a part of this agreement and which may result in additional charges to the User.
- 4.10 Improper Repairs
- a) Where Owner ascertains that improper repairs have been made, the User responsible must assume full cost of correcting improper repairs. Owner must furnish to User a list of improper repairs and cost estimate prior to initiating corrective repairs. If User does not respond within ten (10) days after notification, informing Owner of acceptance of estimate or the name of representative authorized to make inspection of alleged improper repairs, Owner may proceed with repairs at User's sole cost and expense.
 - b) Where serviceable material not standard to Equipment is removed by Owner and, upon notification, the Carrier responsible for the improper repairs so elects such material may be treated as scrap.
- 4.11 Payment in full for repairs made under this Section shall be made by the responsible party within sixty (60) days after receipt of billing from Owner.

SECTION 5. SETTLEMENT FOR LOST, STOLEN OR TOTALLY DESTROYED EQUIPMENT

- 5.1 In the event Equipment is lost, stolen or totally destroyed while in possession or control of User, the User agrees to reimburse Owner on the basis of the current replacement cost of the Equipment, Special Equipment and accessories, less depreciation, as calculated in accordance with this Section (but not less than the replacement value or the stipulated cost set forth in any applicable Equipment lease between Owner and underlying lessor, whichever is applicable) as of the date of notification that the Equipment was lost, stolen or totally destroyed.
- 5.2 Owner shall, within thirty (30) days after receipt of such written notification, secure and furnish to the User a written statement showing the date of acquisition and the Depreciated Total Replacement Cost of the lost, stolen or totally destroyed Equipment calculated in accordance with this Section 5.
- 5.3 Whenever replacement cost is the basis for fixing the value of the Equipment, it shall be computed as follows:

EXAMPLE:

Container at 5 Years Age

1.	Replacement Cost of Equipment	\$10,000
2.	Replacement Cost of Special Equipment and Accessories other than Mechanical Refrigeration Units (Sum of 2.c. plus 2.d.)	\$ 172
a.	Invoice Price	\$ 100
b.	Commercial Freight Charges	\$ 50
c.	Subtotal of 2.a. and 2.b.	\$ 150
d.	15% of Subtotal of 2.a. and 2.b.	\$ 22
3.	Replacement Cost of Equipment and Special Equipment and Accessories other than Mechanical Refrigeration Units (Sum of 1. and 2.)	\$10,172
4.	Depreciation for Equipment and Special Equipment and Accessories other than Mechanical Refrigeration Units - 5 years.	\$ 3,387
5.	Depreciated Replacement Cost of Equipment and Special Equipment and Accessories other than Mechanical Refrigeration Units	\$ 6,785
6.	Replacement Cost of Mechanical Refrigeration Unit	\$ 2,000
7.	Depreciation for Mechanical Refrigeration Unit – 5 years	\$ 1,000
8.	Depreciated Replacement Cost of Mechanical	

- | | | |
|--|--------------------|----------|
| | Refrigeration Unit | \$ 1,000 |
|--|--------------------|----------|
9. Depreciated Total Replacement Cost of Equipment, Special Equipment, Accessories, and Mechanical Refrigeration Unit ("Depreciated Total Replacement Cost") (Sum of 5. And 8.) \$ 7,785
 - a) In determining the replacement cost of special Equipment and accessories, other than mechanical refrigeration units, the current market price shall be used. The current market price shall be the invoice price plus commercial freight charges plus fifteen (15%) percent.
 - b) Replacement cost of Special Equipment and accessories other than mechanical refrigeration units shall be added to the replacement cost of the Equipment, and this sum shall be depreciated pursuant to Paragraph 5.4 in order to determine the Depreciated Replacement Cost of the Equipment and Special Equipment and Accessories other than Mechanical Refrigeration Units, at the time of notification.
 - c) In determining the replacement cost of a mechanical refrigeration unit, the manufacturer's current market price for a similar unit with all component parts, including the fuel tank or bottles, depreciated by the age of the damaged unit (using the rate shown in Paragraph 5.4b) shall be calculated and added to the Depreciated Replacement Cost of the Equipment, Special Equipment and Accessories other than Mechanical Refrigeration Units.
- 5.4 Trailers or containers, Special Equipment and accessories, generator sets, and mechanical refrigeration units shall be depreciated on straight line basis, as follows:
- a) Chassis, or containers (new or rebuilt), Special Equipment and accessories, other than mechanical refrigeration units, at five-sixths of one percent (5/6%) per month - six and two-thirds percent (6-2/3%) per annum -- applied to age of Equipment, with maximum depreciation limited to fifty (50%) percent.
 - b) Mechanical refrigeration units with all components parts, including fuel tanks or bottles, at ten percent (10%) per annum applied to age of units with maximum depreciation limited to fifty (50%) percent.
 - c) Age of chassis or container, Special Equipment and accessories, other than mechanical refrigeration units and parts, shall be determined by subtracting year and month in which originally built from year and month in which notification is made with no fractional part of a month being considered.
 - d) Age of mechanical refrigeration units with all component parts, including fuel tanks, shall be determined in the same manner as outlined in Paragraph 5.4 c., using date of original installation and date originally built.
- 5.5 Salvage value of chassis or container, Special Equipment and accessories shall be computed as follows:
- a) All chassis or containers, regardless of type or construction, including all Special Equipment and accessories other than mechanical refrigeration units, at \$100 per chassis, plus \$53 for each usable tire.
 - b) Mechanical refrigeration units and all component parts including fuel tanks at \$225 per unit.

- 5.6 Settlement shall be made within sixty (60) days after User has been furnished a written statement of the Depreciated Total Replacement Cost of the Equipment lost, stolen or totally destroyed.

SECTION 6. USE CHARGES

- 6.1 User shall be fully responsible for the payment of all use charges and all other charges and claims properly assessed under this Agreement, and in Attachment "A", by Owner, as well as for any court costs, expenses, reasonable attorney's fees, and reasonable interest charges resulting from User's failure to pay such charges and claims as is provided herein.
- 6.2 When Equipment is damaged and reported to Owner under Section 4 of this Agreement, use charge will cease from date of original notification until repairs are authorized or other disposition is directed by Owner.
- 6.3 If Owner requests Equipment be returned for repairs, User will, unless otherwise agreed upon between the parties, initiate return of Equipment within five (5) days after notice is received; otherwise, use charges shall be reinstated.
- 6.4 Use charges shall not be paid by an intermediate User on Equipment returned under Section 6.2. Equipment returned under this Section shall be so indicated on the movement document.
- 6.5 If, on receipt from Owner of depreciated replacement value, User decides to repair or send the Equipment to Owner for repairs, the use charges shall continue from date of original written notification to Owner as lost, stolen, destroyed, or damaged.
- 6.6 User shall be responsible to the Delivering Carrier from whom it received the Equipment for the performance of this Agreement by itself and by all other persons into whose possession such Equipment may go until its proper return to Owner or to the Delivering Carrier.
- 6.7 A Subscriber to this Agreement, failing to accept promptly from another Subscriber Equipment billed to or via that Subscriber, shall be responsible for use charges on Equipment so held for delivery. The Subscriber in possession of Equipment shall notify the delinquent User daily prior to midnight, through the designated representatives at the point where Equipment is offered, of the total number of units so held for it, and within forty-eight (48) hours from midnight of the day Equipment is offered, furnish the alpha prefix and number of Equipment so held.
- 6.8 In case a Subscriber to this Agreement delivers Equipment to a carrier not a party to this Agreement, the Subscriber will remain primarily responsible for the payment of all resultant use charges.
- 6.9 When Equipment has been reported to Owner as lost, stolen or totally destroyed, under Section 5 of this Agreement, the use charges shall cease on the date Owner is properly notified.

- 6.10 Payment in full of a proper claim presented by Owner shall be made by the responsible party within sixty (60) days from the date of receipt. In the event a claim presented by Owner is not so paid, use charges shall continue until receipt of payment, unless otherwise agreed upon.

SECTION 7. INDEMNITY

- 7.1 The User, releases and agrees to defend, indemnify and hold harmless Owner and its agents, employees, officers, directors, affiliates, parent corporation, and the owner (where applicable) and assigns from and against all claims, demands, losses, damages, fines, penalties, liabilities, or expenses, including punitive damages and, attorney's fees, arising out of or in any way connected to injury to or death of persons or loss of or damage to property, including but not limited to cargo transported in the Equipment, and/or injury to or death of any User, User's employees or damage to User's Equipment where alleged to be a result of or in any way connected to User's use, operation, maintenance custody or possession of the Equipment regardless of Owner's alleged or actual negligence.
- 7.2 The User, releases and agrees to defend, indemnify and hold harmless Owner and its agents, employees, officers, directors, affiliates, parent corporation, and the owner (where applicable) and assigns from and against all claims, demands, losses, damages, fines, penalties, liabilities, or expenses, including punitive damages and, attorney's fees, arising out of or in any way connected to User having had custody of or having operated the Equipment, including, but not limited to, citations for illegal parking or overweight or oversize loads, towage charges, and impoundment fees.

SECTION 8. INSURANCE

- 8.1 A Subscriber shall have in effect a Business Automobile Liability Policy of Insurance, covering its legal liability, including any liability assumed under the provisions of Paragraph 7, with available combined limits of not less than \$1,000,000 for Bodily Injury and Property Damage. A Subscriber shall have in effect a Motor Truck Cargo Liability Policy with a minimum of \$100,000 of coverage. A Subscriber shall also have an applicable Statutory Workers' Compensation Policy for those states in which they anticipate operations (if such Policy is required by law). Subscriber shall ensure that copies of such required policies and endorsements be provided by Subscriber or its insurance carrier to Owner at:

**Horizon Lines, LLC
Attn: Jason Arakaki, Interchange Agreements
1601 Sand Island Parkway
Honolulu, Hawaii, 96819
Fax # (808) 842-5394**

- 8.2 Subscribers shall maintain insurance coverage as described above for the entire term of this Agreement. Subscriber's insurance carrier shall give at least thirty (30) days advance written notice of cancellation or major changes of such coverage to Owner. Subscriber shall also cause their required Workers' Compensation Insurer and any company insuring their Equipment to waive subrogation by endorsement, to the extent such waiver is permitted by law.
- 8.3 Subscribers' liability shall not be limited to the amount of insurance required herein.
- 8.4 Subscriber's Business Automobile policy shall be endorsed to be primary of any other insurance that may be applicable.

MISCELLANEOUS PROVISION: For purposes of the Agreement, unless otherwise provided herein, neither Horizon Lines, LLC nor Carrier will be considered an employee, agent or joint venturer of the other.

SECTION 9. WARRANTY

Owner, as well as any Delivering Carrier, does not make any warranty or representation, expressed or implied, as to the fitness or condition of the Equipment interchanged, including tires and tubes, and the Carrier acquiring the use thereof does so at its own risk and accepts the Equipment "as is".

SECTION 10. TABLE OF USE CHARGES AND FREE TIME

Use charges and free time applicable for lease of Equipment between the undersigned parties hereto shall be in accordance with Section 6 and Attachment "A" hereto, which Attachment "A" is made a part of this Agreement.

PART II
OPERATING RULES

Section A

Equipment will be accepted in intermodal interchange service provided that:

1. The name, reporting mark or alpha code and Equipment number of the Owner are clearly indicated thereon. Subscriber placing Equipment in interchange service whose marks do not render it possible to ascertain the Owner for purposes of this Agreement shall cause to be placed upon the Equipment an owner identification and address no less than 2" by 5" in size located as follows:
 - a) trailer/containers - rear left-hand door;
 - b) chassis - left side center beam adjacent to existing markings;
 - c) bogies/flatbeds - left rear.
2. Owners of intermodal Equipment have verified their reporting mark or alpha carrier code with the appropriate liaison organization to avoid the possibility of duplicate markings and to insure uniqueness.

Note: It is strongly recommended that after reporting marks have been verified, Owners list such Equipment in an approved register.
3. Owner and User Responsibilities
 - a) The Owner furnishes valid license plates required in the State of registry.
 - b) The User agrees to indemnify and hold harmless the Owner from and against any and all expenses to Owner for or connecting in any way with fees, fines or tolls, assessed or imposed by governmental authority or other party on Equipment interchanged by Owner to User.
4. Equipment when loaded shall not exceed manufacturer's gross weight limitations which shall be marked on the Unit. User may restrict size and weight of any Equipment to meet clearance and highway requirements for movement over a particular route.
5. Kingpin is free of cracks or other visible flaws and is securely attached to said Equipment.
6. Container Equipment must be secured to chassis or bogie according to safety requirements of Receiving Carrier.
7. Accessories and Special Equipment

- 7.1 All wheeled Equipment has the following accessories:
- a) The SAE-ATA Recommended (7 Conductor) Electrical Connector Plug.
 - b) Flashing turn signals with not less than 12 square inches of lens surface.
 - c) Stop lights, tail lights, clearance and marker lights, mud or rain flaps, as required by appropriate governmental agencies.
 - d) Tires conforming to requirements of Section B of these Rules.
 - e) Landing gears conforming to requirements of Section B of these Rules.
8. An Equipment interchange receipt and safety inspection report form is prepared by Delivering Carrier specifying the description and number of the removable items accompanying Equipment, such as but not limited to:
- a) Chains, binders, cables and straps;
 - b) Tarpaulins (except expendable type), including securements;
 - c) Tarpaulin bows;
 - d) Spreader bars or tie rods;
 - e) Bulkheads, bulkhead boards, and load restraining devices;
 - f) Sides, gates, sections or end doors;
 - g) Mounted spare tire;
 - h) Auto transport Equipment such as skids, retainer pins, stands, tie down chains, cables and hooks.
9. When loaded open top Equipment is offered in interchange and is equipped with tarpaulins and bows, the tarpaulins and bows must be in their proper position with tarpaulin spread and secured. In the event tarpaulin and bows are not used, they must be placed in proper storage.
10. When empty open top or platform type Equipment is offered in interchange and is equipped with tarpaulin and bows, side and end gates, etc., the tarpaulin and bows, side and end gate must be in proper place with tarpaulin spread and secured.
- Note: It is recommended that tarpaulins used in interchange service carry Owner's identification.
11. Owner reserves the right to require a potential Subscriber to submit to Owner: (a) proof of authority to operate; (b) letters of routing from five (5) regular customers; (c) proof of insurance; and (d) proof of satisfactory credit ratings, as a condition to executing the Agreement.

Section B

CONDITIONS GOVERNING COMPONENTS OF EQUIPMENT

1. Tires and Tubes

- 1.1 The Delivering Carrier shall determine that tires and tubes are of proper size at the time of interchange. Thereafter, until Equipment is returned to the Owner, repairs to tires and tubes shall be made by and at the expense of the User at the time of such tire or tube failure. At the time of interchange of Equipment, the tires thereon shall be thoroughly inspected by Receiving Carrier:
 - a) To determine if properly mated.
 - b) To determine major defects, such as:
 - 1) Separation of caps;
 - 2) Visible blisters and sidewall tears;
 - 3) Obvious signs of rim wear;
 - 4) Visible objects protruding from tire, such as nails, bolts, spikes;
 - c) To determine that tires contain a minimum of 4/32" tread depth and are inflated to 85 psi.
- 1.2 Any deficiency noted by inspection shall be corrected by the Owner or by the Delivering Carrier prior to acceptance for interchange use.
- 1.3 At time of inspection there shall be recorded on the Equipment interchange receipt and safety inspection report the tire owner's name and number, if any, or manufacturer's name, and location of tire on the Equipment.
- 1.4 User at his expense, shall provide good maintenance to tires and tubes, including proper inflation, repair of flat tires, pulled valve stems, etc.
- 1.5 In the event of a blowout and/or total failure of tire and/or tube, replaced by other than the Owner, the replacement shall be properly mated and of similar quality and value and report of such replacement must be made to Owner showing size, ply, brand and serial number of tires removed and applied. If tire or tube is ruined as a result of being run flat or otherwise abused, it will be the responsibility of the User to replace or pay for the tire or tube so ruined. Any expense in replacing or repairing a tire exceeding \$125 in cost shall require notification of Owner by User.

- 1.6 When Owner is charged for an unserviceable tire, User shall make reasonable best efforts to hold the tire for thirty (30) days after notification to Owner of such unserviceability. If the Owner requests return of tire, it shall be returned by User to the point and in the manner designated by Owner. If User fails to return tire upon request, Owner reserves the right in its sole discretion to impose a \$200 charge upon User for such failure. User shall pay Owner such \$200 charge.

2. Landing Gears

- 2.1 At time of interchange landing gear must be complete as to component parts, properly secured to Equipment and in suitable condition to properly support load.
- 2.2 User in possession of Equipment shall provide required maintenance service to landing gear, including minor repairs and lubrication.

3. Refrigeration and Heating

- 3.1 At time of interchange a vehicle equipped with mechanical refrigeration unit shall have marked adjacent to the fuel tank the type of fuel required to drive unit and capacity of fuel tank.
- 3.2 At time of interchange of a loaded vehicle under heat or refrigeration, interior air of vehicle will be at the required temperature. The mechanical unit shall be in satisfactory operating condition and shall have sufficient fuel, or mechanical generator set to make the trip, as measured by the Owner.
- 3.3 Owner shall protect the liquid cooling system of mechanical unit and generator set against freezing damage by application of sufficient permanent antifreeze solution to prevent freezing at temperature not less than minus 20 degrees F. Type of solution and degree of protection afforded shall be shown on tag attached securely to unit.
- 3.4 User shall be responsible for further protecting the mechanical unit and generator set where temperature lower than the above minimum may occur while in its possession. In furnishing this protection the same type and grade of solution shall be added to unit and the information tag shall be corrected to show the new temperature protection.
- 3.5 Fuel used to operate portable unit in either heat or refrigeration service shall comply with all requirements of the carriers and regulatory agencies involved in the movement. Type and location of portable unit shall be designated by Delivering Carrier.
- 3.6 User shall provide proper maintenance to the heating, refrigeration unit, and generator set when vehicle contains commodities requiring temperature control.

- 3.7 Fuel used to operate mechanical refrigeration units and generator sets in either heat or refrigeration service shall comply with all requirements of the Owner and any regulatory agencies involved in the movement.
- 3.8 Notwithstanding any provisions of Section 6, Part I herein, the Owner shall properly clean the Equipment at the User's expense. This includes, but is not limited to, steam cleaning.
- 3.9 Prior to empty refrigerated Equipment being redelivered to the Owner, the User shall properly clean the Equipment at the User's expense. This includes, but is not limited to, steam cleaning. In the event refrigerated Equipment is not properly cleaned prior to return, Owner may refuse to accept its return or invoice User for all cleaning charges.

4. Tanks

- 4.1 The User agrees to return Equipment to Owner in a like condition of that which received. Owner reserves the right to require User to clean interior, dome and discharge area of Equipment, at User's cost, in the event tank Equipment is not clean when returned, and may refuse to accept return.
- 4.2 Tanks shall be returned with all gauges, valves, hatch covers, etc., in good operating condition and there should be no evidence of leakage.

Attachment "A"

- 1) This Attachment A is an attachment to the Horizon Lines, LLC Intermodal Interchange Agreement and sets forth the free time and use charges applicable to Equipment interchanged between Horizon Lines, LLC and Carrier.
- 2) On Intermodal moves, when containers are dropped off at customer's facility or at Horizon Lines, LLC's inland depot, as directed by Horizon Lines, LLC, User's free time will be two (2) calendar days commencing with the day of first possession. Use (per diem) charges will be assessed in the same amounts as per paragraph 3 below. Additional free time as well as storage/detention charges for customer's account shall commence for Equipment at customer's premises if any of the following Horizon Lines, LLC's tariffs (or successor tariffs) apply and so provide:

- Tariff 212 – Hawaii Trade

- 3) In accordance with the Horizon Lines, LLC's Intermodal Interchange Agreement, the User is billed and shall pay charges for Port-to-Port moves and Intermodal moves, except as specified under 2) above, based upon the following table:

FREE TIME AND CHARGES

<u>Equipment Type</u>	<u>Free Time (a)</u>	<u>Charges (b)</u>
Dry Containers	5 days	\$11.00 per day
Open Top/Flatbed	5 days	\$15.00 per day
Refrigerated/Tank Containers	3 days	\$50.00 per day
Bare Chassis	5 days	\$ 6.00 per day

(a) Excludes day of initial interchange, holidays and first Saturday and Sunday.

(b) Charges apply on all days, or fractions thereof, after free time expires.

- 4) User interchanging Equipment with a rail carrier shall not be assessed a use charge if the interchange occurs within the free time permitted by this Agreement and within 2 days thereafter User has provided Horizon Lines, LLC with the requisite routing information and a copy of Horizon Lines, LLC's or the railroad's Equipment Interchange Receipt between User and the rail carrier.
- 5) Where repairs of trailers are to be made under the provisions of Section 4 of this Agreement, Horizon Lines, LLC shall receive use charges as shown in this Attachment A while the Equipment is out of service or, if the Equipment is extensively damaged, use charges will continue until agreement is reached between Horizon Lines, LLC and the User for the User to pay for the value of the Equipment.
- 6) In the event this Agreement is canceled by Horizon Lines, LLC for failure of Carrier to maintain required insurance coverage, or to pay valid use charges, or for any other breach of the Agreement, Carrier agrees to pay Horizon Lines, LLC an administrative fee of \$50.00 if, and at such time as Agreement is reinstated.

END OF AGREEMENT