

Association of Ship Brokers and Agents (U.S.A.), Inc.
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December 12, 1990

Mr. James F. Rill
Assistant Attorney General
Anti-Trust Division
Department of Justice
10th and Pennsylvania Avenue
Washington, DC 20530

Dear Mr. Rill:

We are writing to you to ask for your opinion on a service which this Association is interested in developing to offer to the major U.S. oil companies. We are describing below who we are and what we are trying to do so that we can establish from the onset that we are acting within the law and that we will not be in violation of the anti-trust laws of the United States.

To begin it should be known that this Association is a non-profit trade association of ship brokers and ship agents. The ship brokers engage mostly in the business of negotiating between a ship owner and a cargo interest the transportation of a full and complete cargo of one commodity to move on one vessel. These vessels are generally referred to as tramp ships and tramp ships will employ a piece of business any where in the world depending on the potential profitability of the business. Our brokers work to bring the owners and cargo interests (charterers) together and enable the two "principals" to agree on a price (rate) at which the business will be done. Each and every agreement (fixture) is different and is agreed upon based on many different variables, i.e. availability of similar vessels, similar cargoes, quantity, other potential business which would follow, etc. and so on. These variables establish what is referred to as the market.

The broker members of this Association (ASBA) who specialize in ships and cargoes for oil, our tanker brokers, have been approached to provide a service to the major U.S. oil companies which would establish, as per request, what would have been a market rate for a piece of business which was performed by an oil company's own ship carrying that company's own cargo. The service would be designed to provide the oil companies with a basis for their intra company billing.

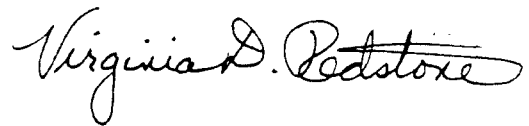
Our brokers would evaluate, based on the market intelligence that they are able to gather, what would have been the market rate and each would forward their independent evaluation to the Association's office. ASBA would then find the average of these evaluations and forward that average rate to the oil company.

We intend to charge a fee per rate request for this service, the fee to be shared, in some way, by the Association and the participating tanker broker members. We would also like to be able to, at some time, advise our members of the average rate which was established and sent to the oil company, although that is not an essential part of the service. In no way would this service have any effect on future rates.

For further clarification of what we have in mind we are enclosing the basis of our proposal which has been sent to the U.S. majors.

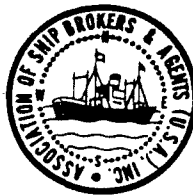
We would appreciate your ideas on this service at your earliest possible convenience and would welcome a call from you should you have any questions to be answered before you could express an opinion.

Yours very truly,

A handwritten signature in cursive script that reads "Virginia D. Redstone". The signature is fluid and elegant, with a prominent loop at the end of the last name.

Virginia D. Redstone
Secretary

VDR/
encl.



PROPOSED SERVICE

The tanker broker members of ASBA will be contributing to the service. There are ten tanker brokerage houses who are now a member of the Association.

Rates will be considered to be a quote from the "brokerage house", in other words, the management of each firm will appoint a senior broker to ensure that an accurate assessment is given to the Association, however, the rate will be a consensus of market information and intelligence gathered by the "house".

We expect to channel each request to five different houses with each house replying to the Association by 1500 on the third day following the request. The Association will eliminate the high and the low and return, by 1000 the following day, the average of the three remaining estimated rates to the oil company client. If a quicker response is required for any of the requests, they can be handled urgently.

It is our intention to continuously rotate the requests among the member brokers and to keep the entire process anonymous, our brokers will not know which other brokers have been contacted, allowing for our rates to be impartial. We will also not disclose to our brokers the name of the "requesting company", once we have enrolled more than one participant.

We believe that this service is simple and straight forward and will effectively accomplish the need for independent rate estimates for intra company billing.