

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UNITED STATES OF AMERICA :

v.

:
: CASE NO. 08-33
:

B.NAVI SHIP MANAGEMENT
SERVICES, s.r.l.

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:

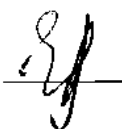
PLEA AGREEMENT

Pursuant to discussions between the United States of America, by and through its attorneys, representing and binding only the Environmental Crimes Section of the United States Department of Justice and the Office of the United States Attorney for the Southern District of Texas, and the Defendant, B.Navi Ship Management Services s.r.l. (hereinafter "B.Navi"), operator of the vessel *M/V Windsor Castle* (hereinafter "*Windsor Castle*") by and through its authorized representative, the following agreement is hereby entered into by the respective parties and submitted to the Court pursuant to Federal Rule of Criminal Procedure 11(c)(1)(C):

A. Particularized Terms

1. Count Pleading To

The Defendant shall waive its right to be indicted by a grand jury and enter a plea of guilty to Counts One and Two of the Information filed in this case. Count One charges the Defendant with violating the Act to Prevent Pollution from Ships, 33 U.S.C.

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§ 1908(a) and 33 CFR § 151.25. Count Two charges the Defendant with violating the False Statements Act, 18 U.S.C. § 1001(a)(3).


2. Maximum Penalties

Counts One and Two each carry a maximum sentence of a fine of up to Five Hundred Thousand Dollars (\$500,000.00), or twice the gross gain or loss resulting from the unlawful conduct, pursuant to 18 U.S.C. § 3571(c) and (d), a term of probation of five (5) years, pursuant to 18 U.S.C. § 3561(c)(1), and a special assessment of Four Hundred Dollars (\$400.00), pursuant to 18 U.S.C. § 3013(a)(2)(B). With respect to certain offenses, the Court shall order the Defendant to make restitution to any victim of the offense, and with respect to other offenses, the Court may order the Defendant to make restitution to any victim of the offense, or to the community, as might be set forth below.

Unless otherwise ordered, should the Court order a fine of more than \$2,500 as part of the sentence, interest will be charged on the unpaid balance of a fine amount not paid within fifteen (15) days after the judgment date, pursuant to Title 18, United States Code, Section 3612(f). Other penalties and fines may be assessed on the unpaid balance of a fine pursuant to Title 18, United States Code, §§ 3572(h), (i), 3612(g).

3. Elements of the Offense

The Defendant acknowledges understanding the nature and elements of the offense with which Defendant has been charged and to which Defendant is pleading guilty.

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The elements of Count One are:

First, that the *Windsor Castle* was a ship of more than 400 gross tons;

Second, the Defendant, through its employees and/or agents, was in charge of the *Windsor Castle*, including the machinery space operations and all overboard discharges of sludge and other oily waste;

Third, that for the *Windsor Castle*, the Defendant, through its employees and/or agents, knowingly failed to fully and accurately maintain an Oil Record Book in which the required operations were recorded without delay, specifically, all disposals of oil residue, all discharges overboard and disposals otherwise of oily mixtures from the machinery space; and all emergency, accidental, or other exceptional discharges of oil or oily mixtures; and


Fourth, that the failure to maintain the Oil Record Book occurred while the *Windsor Castle* was in the navigable waters of, or at a port or terminal of, the United States.

The elements of Count Two are:

First, that the Defendant, through its employees and/or agents, did knowingly and willfully make materially false, fictitious, and fraudulent statements and representations;

Second, that the Defendant, through its employees and/or agents, made the materially false, fictitious, and fraudulent statements and representations to, and in a

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matter within the jurisdiction of, the United States Coast Guard and the Department of Homeland Security;

Third, that the Defendant, through its employees and/or agents, knew the statements were false at the time they were made.

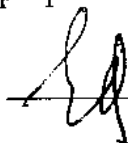
4. Mandatory Restitution to Victim of Offense of Conviction

The Defendant understands that the Court shall order restitution to any identifiable victims unless, pursuant to Title 18, United States Code, §§ 3663 and 3663A, the Court determines that restitution would be inappropriate in this case. At present, the parties are unaware of any identifiable victims.

5. Applicability of the Sentencing Guidelines and Recommended Sentence

The Parties fully and completely understand that this Plea Agreement is submitted to the Court pursuant to Federal Rule of Criminal Procedure 11(c)(1)(C). The Parties agree that Chapter 8 of the United States Sentencing Guidelines Manual governs this case with regard to any payment of restitution, community service, and probation. Regarding determinations of an appropriate fine, however, pursuant to the Commentary to U.S.S.G. § 8C2.1, the provisions of § 8C2.2 and § 8C2.9 do not apply to counts for which the applicable guideline offense level is determined under Chapter Two, Part Q (Offenses Involving the Environment). For such cases, § 8C2.10 (Determining the Fine for Other Counts) is applicable. U.S.S.G. § 8C2.10, in turn, directs the Court to apply the provisions of Title 18, United States Code, §§ 3553, 3572 to determine the appropriate fine.

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6. Withdrawal of Plea Agreement

Should the Defendant's guilty plea not be accepted by the Court for any reason, this agreement shall be null and void. In such an event, the Defendant hereby waives any defense to any charges in these charging Instruments which might otherwise have been available under any statute of limitations, the Speedy Trial Act, or any common law, equitable, or Constitutional claim involving pre-indictment delay.

7. Sentencing - Fine and Community Service

The Defendant shall pay a total aggregate criminal fine in the amount of One Million, Two Hundred Thousand U.S. Dollars (\$1,200,000.00). The Parties agree that \$1,200,000.00 is an appropriate aggregate fine pursuant to Title 18, United States Code, Sections 3571(c) and (d).

The Defendant shall pay, on the day of sentencing, a special assessment of \$800.00, according to 18 U.S.C. § 3013(a)(2)(B).

The Defendant shall also make an organizational community service payment in the total amount of Three Hundred Thousand U.S. Dollars (\$300,000.00), pursuant to 18 U.S.C. § 3553(a), payable at sentencing as part of the overall fine in this matter. The Parties agree that \$300,000.00 is an appropriate community service project amount and that the Court will order that the Defendant fund the project pursuant to the terms of this Agreement. This joint recommendation is made pursuant to the Organizational Community Service Provisions which appear at the Sentencing Guidelines' Community Service provisions at § 5B1.3 and § 8B1.3.

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The Parties agree and recommend that the Court, as part of the overall fine in this matter, order a community service project in the amount of \$300,000 payable to the National Fish and Wildlife Foundation, Special Funds Program Management and Fiduciary Services for Settlement Accounts (hereinafter the "Foundation"). The Foundation is a charitable and nonprofit corporation established pursuant to 16 U.S.C. §§ 3701-09. Its purposes include the acceptance and administration of "private gifts of property for the benefit of, or in connection with, the activities and services of the United States Fish and Wildlife Service," and the performance of "such other activities as will further the conservation and management of the fish, wildlife, and plant resources of the United States, and its territories and possessions for present and future generations of Americans." *Id.* at 3701(b)(1),(2). The Foundation is empowered to "do any and all acts necessary and proper to carry out" these purposes, including, specifically, solicitation, acceptance, and administration of "any gift, devise or bequest . . . of real or personal property." *Id.* at 3703(c)(1),(7). The Foundation will be responsible for all administrative, communications and fiduciary services required to implement a targeted ecological improvement grant investment program. The Foundation will coordinate with public and private marine and aquatic conservation initiatives in the Southern District of Texas and will utilize the community service funds to fund projects that will help to protect and enhance the maritime environment, and that may include creating coastal wetlands and upland buffers, enhancing rivers and riparian corridors that support the Southern District of Texas' endangered and

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threatened species habitats and improving coastal national wildlife refuges. The receipt, management and expenditure of these funds shall be accounted for to Congress in annual reports required by 16 U.S.C. § 3706(b).

8. Sentencing - Terms of Probation

The defendant will be placed on a term of probation of thirty-six (36) months in accordance with Title 18, United States Code, Section 3553(a), 3561, and 3562. The period of probation shall include as a condition of probation the implementation of an Environmental Compliance Plan ("hereinafter "ECP") as agreed to in Attachment A.

As part of this Plea Agreement, the Defendant understands and admits to the relevant conduct described in the Joint Statement of Facts attached to this Plea Agreement. The Parties agree that said facts, as set forth in the Joint Statement of Facts, are accurate and provide an adequate factual basis to support the Defendant's plea of guilty to Counts One and Two of the Information.

9. Early Termination of Probation

After serving thirty (30) months of probation and fully implementing the ECP as set forth above, the Defendant may move the court for early termination of the probation as provided in 18 U.S.C. § 3564(c). The United States reserves the right to respond to any such motion.

10. Reservation of Allocution

The Parties reserve their full rights of allocution for purposes of sentencing in this matter, subject to the terms of this Plea Agreement. The parties also reserve their

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rights to inform the presentence report writer and the Court of any relevant facts, to dispute any factual inaccuracies in the presentence report, and to contest any matters not provided for in this Plea Agreement.

11. Application of the Agreement

This Agreement shall bind the Defendant, all successors-in-interest, if applicable, and all successors and assigns. This Agreement shall apply to all vessels which the Defendant, owns, operates, mans, and all vessels owned, manned or operated by the Defendant during the period of probation that call or may call at ports or places in the United States. The Defendant shall provide to the Environmental Crimes Section with immediate notice of the following: any corporate name changes; any purchase or sale of vessels that call or may call at any port or place in the United States; any purchase, sale or reorganization of the ship management companies, or any other change impacting upon or affecting this Agreement and the Environmental Compliance Plan (ECP). No change in name, corporate or individual control, business reorganization, change in ownership, merger, change in legal status, sale or purchase of assets, or similar action shall alter the Defendant's responsibilities under this Plea Agreement. The Defendant understands and agrees that it shall not engage in any action to seek to avoid the obligations and conditions set forth in this Plea Agreement.

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12. The Corporate Defendant

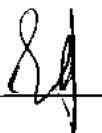
The undersigned corporate officer of the Defendant hereby certifies that he is authorized by the Defendant corporation to act on its behalf, to plead guilty to the charges alleged in Counts One and Two of the Information, and to enter into this Plea Agreement, and that a corporate resolution so empowering said officer or representative has been duly made and approved by said corporation. The Defendant agrees to provide a copy of the corporate resolution to the Government prior to entering its guilty plea. Said Defendant corporation either has implemented, or will implement, an effective program to prevent and detect violations of law, which program shall require the exercise of due diligence, requiring at a minimum that the corporation take the steps set forth in USSG §8B2.1. The Defendant corporation further agrees that such a program may be made a special condition of probation.

B. Standard Terms and Conditions

1. Defendant's Waiver of Right to Appeal and Right to Collaterally Challenge the Sentence

The Defendant represents to the Court that it is satisfied that its attorney has rendered effective assistance. The Defendant understands that by pleading guilty in this case, it agrees to waive certain rights afforded by the Constitution of the United States, by statute, or both, including but not limited to: the right to plead not guilty; and the right to a jury trial. At a jury trial, the Defendant would have the right to be represented by counsel, to confront and cross-examine witnesses against it, to compel

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witnesses to appear and testify, to present other evidence in his behalf and to decide whether to testify. The Defendant would further have the right to have the jury instructed that it is presumed innocent until proven guilty, and that the burden will be on the United States to prove the Defendant's guilt beyond a reasonable doubt. If the Defendant were found guilty after a trial, it would have the right to appeal the conviction.

The Defendant, through its authorized representative, is aware that 18 U.S.C. § 3742 gives the right to appeal the sentence to be imposed, and that other federal statutes give a Defendant the right to appeal other aspects of the conviction. In consideration of the Agreement with the United States as set forth herein, the Defendant knowingly and voluntarily agrees to waive the following rights: (a) the right, conferred by 18 U.S.C. § 3742, to appeal any sentence imposed by the Court for the conviction of these offenses, including restitution and community service; (b) the right to appeal any aspect of Defendant's conviction, including any pre-charge or pre-trial dispositions of motions or other issues; and (c) the right to bring any collateral attack against Defendant's conviction or sentence, except as it may relate to the effectiveness of legal representation.

2. Prosecution by Other Agencies/Jurisdictions

If the Court accepts this Plea Agreement, the United States Attorney's Office for the Southern District of Texas and the Environmental Crimes Section of the United States Department of Justice agree not to charge the Defendant, or any affiliated or

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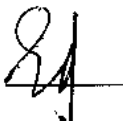
subsidiary company, with committing any other federal criminal offenses known to the United States Attorney's Office and the Environmental Crimes Section of the United States Department of Justice at the time of the execution of this agreement, related to the conduct giving rise to this Plea Agreement. The Defendant understands that this Plea Agreement affects only criminal charges and shall not be construed, in whole or in any part, as a waiver, settlement, or compromise of any remedies available to the United States, or any other civil or administrative remedies, including suspension and debarment, available to the United States by law. In the event that any other local, state or federal enforcement agency investigates conduct related to this Plea Agreement, the Environmental Crimes Section agrees to advise said agency of the terms of this agreement and the nature and extent of the Defendant's cooperation under this agreement.

3. Filing of Agreement

This agreement shall be presented to the Court, in open court or in camera, in whole or in part, upon a showing of good cause, and filed in this cause, at the time of Defendant's entry of a plea of guilty pursuant hereto.

4. Voluntariness

The Defendant, through its authorized representative, acknowledges that it has entered into this Plea Agreement freely and voluntarily and it has been fully advised by counsel, and that no threats or promises were made to induce it to enter the guilty plea called for by this Plea Agreement.

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5. Factual Basis

The Defendant is pleading guilty because the Defendant is in fact guilty. The Defendant certifies that Defendant does hereby admit that the facts set forth in the attached "Factual Basis," which is incorporated herein by reference, are true, and were this case to go to trial, the United States would be able to prove those specific facts and others beyond a reasonable doubt.

6. Termination of Agreement

The parties agree that this Plea Agreement was negotiated and agreed upon pursuant to Federal Rule of Criminal Procedure 11(c)(1)(C). Should the Court refuse to accept this Plea Agreement for any reason, the entire agreement shall become null and void.

7. Entire Agreement

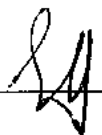
This Agreement is the complete and only agreement between the Parties. No promises, agreements or conditions have been entered into other than those set forth in this Agreement. This Agreement supersedes prior understandings, whether written or oral. This Agreement cannot be modified other than in a written memorandum signed by the parties or on the record in court.

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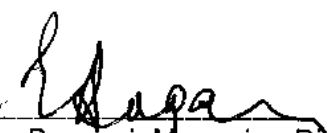
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8. Certification

The Defendant and Defendant's counsel certify that this Plea Agreement has been read in its entirety by (or has been read to) the Defendant and that Defendant fully understands its terms.

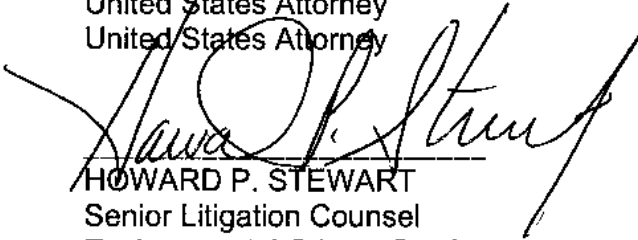
DATED this 11 day of January, 2008.



Enrico Bogazzi, Managing Director
Authorized Representative of
B.Navi Ship Management
Services, s.r.l.

APPROVED:

DONALD J. DeGABRIELLE, JR.
United States Attorney
United States Attorney




HOWARD P. STEWART


Senior Litigation Counsel
Environmental Crimes Section
United States Department of Justice
JAMES B. NELSON
Trial Attorney
Environmental Crimes Section Defendant
United States Department of Justice



For Enrico Bogazzi, Managing Director
Authorized Representative of
B.Navi Ship Management
Services, s.r.l.



MICHAEL G. CHALOS
Attorney for Defendant B.Navi
Ship Management Services, s.r.l.

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I, Michael G. Chalos, have explained to the Defendant B.Navi Ship Management s.r.l. their rights with respect to the pending Information. I have informed the Defendant that the Sentencing Guidelines and Policy Statement have been deemed as "advisory" to the court pursuant to the Booker decision. Further, I have reviewed the provisions of the Sentencing Guidelines and Policy Statements and I have fully explained to the Defendant the provisions of those guidelines which may apply in the case. I have carefully reviewed every part of the plea agreement with the Defendant. To my knowledge, the Defendant's decision to enter into this agreement is an informed and voluntary one.

Dated: January 11, 2008



MICHAEL G. CHALOS, Esq.
Counsel for the Defendant
B. Navi Ship Management
Services, s.r.l.

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ATTACHMENT A
Environmental Compliance Plan

PURSUANT TO PLEA AGREEMENT

United States v. B.Navi Ship Management Services, s.r.l.

Case No. 08-33

The following standards and requirements for an ENVIRONMENTAL COMPLIANCE PLAN ("ECP") have been prepared pursuant to the Plea Agreement between Defendant B.Navi Ship Management Services, s.r.l. (hereinafter "B.Navi"), and the United States of America, by and through the Environmental Crimes Section of the United States Department of Justice and the Office of the United States Attorney for the Southern District of Texas (hereinafter "the Government") filed in the Southern District of Texas. Compliance with the terms fo the ECP is an essential term of the Plea Agreement. The vessels currently covered under this ECP are known as:

- | | |
|--------------------------|--------------------|
| (1) M/V Windsor Castle - | IMO Number 8010702 |
| (2) M/V Portland Castle- | IMO Number 8215560 |
| (3) M/V Bio Bio - | IMO Number 7631523 |
| (4) M/V Leeds Castle- | IMO Number 8010697 |
| (5) M/V York Castle - | IMO Number 8310803 |
| (6) M/V Dover Castle- | IMO Number 8010685 |

The ECP includes various provisions to ensure that all vessels directly or indirectly operated, managed, manned, and/or controlled by B.Navi, which call or may call at ports or places within the United States comply with all maritime environmental requirements established under applicable international, flag state, and port state law, including, but not limited to, the International Convention for the Safety of Life at Sea (SOLAS), the International Safety Management (ISM) Code, the International Convention for Prevention of Pollution from Ships (MARPOL), and all applicable Federal and state statutes and regulations, including, but not limited to, the Ports and Waterways Safety Act (PWSA), the Act to Prevent Pollution from Ships (APPS), the Clean Water Act (CWA), and the Oil Pollution Act (OPA), and with the requirements of this agreement itself.

A. APPLICABILITY/PURPOSE

(1) This ECP shall cover and apply to all of B.Navi's operations, including all subsidiaries, affiliated business entities and agents, (owned wholly or partially by B.Navi) involved in the operation of seagoing vessels, which are operated, managed, and/or manned by B.Navi on the date of sentencing, or at any time during the period of probation which call or may call at Ports or Places in the United States. It shall also include all persons working for B.Navi, its subsidiaries, affiliated business entities, agents, and any other individuals or organizations who

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are involved in the operation, maintenance and repair of aforesaid seagoing vessels, operated, managed and/or manned by B.Navi, which call or may call at Ports or Places in the United States, as direct employees or independent contractors, on the date of sentencing or at any time during the period of probation.

(2) The ECP is not intended to replace the ISM Code, or any other applicable international legal requirement or United States statute and regulation. The purpose of this ECP is to augment the requirements of existing law by increasing and improving inspections, reviews, and audits of B.Navi's operated and/or managed vessels which call or may call at ports or places in the United States, shore side facilities, and operations involving said vessels; increase training of all of B.Navi's personnel involved with said vessels; develop and implement management and engineering controls to better manage, detect and prevent environmental violations; and require periodic reports to the United States Probation Office for the Southern District of Texas, the United States Attorney's Office for the Southern District of Texas, the Environmental Crimes Section of the United States Department of Justice, the Environmental Protection Agency, and the United States Coast Guard (collectively hereinafter "the United States") to ensure that B.Navi is following the requirements of this ECP and that all the vessels comply with all maritime environmental requirements established under applicable international, flag state, and port state law and all applicable Federal and state statutes and regulations and that an effective environmental management system is in place to prevent recurrence of violations.

B. CORPORATE COMPLIANCE MANAGER

(1) Within sixty (60) days of entry of the Plea Agreement, B.Navi shall designate a senior corporate officer as Corporate Compliance Manager (hereinafter "CCM") who shall report directly to the President and/or Managing Director of B.Navi. B.Navi shall provide the name of the CCM to the United States. The CCM should be the same individual as B.Navi's "designated person" under the International Safety Management Code (hereinafter "ISM") unless reasons are provided to the United States justifying why the "designated person" should not also be the CCM. The CCM shall be responsible for coordinating with the Independent ECP Consultant (hereinafter "IC"), as more fully described below, developing and implementing all of the procedures and systems required herein, establishing and implementing training programs for the officers and crew of B.Navi's operated and/or managed vessels, ensuring that reviews, audits and surveys are carried out as required and ensuring that all documents are properly maintained and that reports are made on a timely basis to the IC and the United States. All reports required under this ECP shall be reviewed by the CCM and signed under the penalty of perjury.

(2) B.Navi shall establish a procedure and reporting system that requires and enables all officers, crewmembers and employees, and shore side personnel involved in the manning and/or operation of seagoing vessels of B.Navi's operated and/or managed vessels named in this agreement, including all persons working for B.Navi, its subsidiaries, affiliated business entities (owned wholly or partially by B.Navi) and agents of B.Navi as either direct employees or independent contractors, to notify the CCM of any violations of any applicable environmental requirements or other requirements of this ECP and to cooperate fully with the IC and the United

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States in carrying out their reviewing, auditing and oversight functions required by applicable law and this ECP. B.Navi agrees to establish a procedure that makes failure to notify the CCM of any violations of any applicable environmental requirements and failure to cooperate fully with the Classification Societies, the IC, and the United States in carrying out their auditing and oversight functions required by applicable law and this ECP, grounds for dismissal. B.Navi agrees not to retaliate against any officer, crewmember, employee, or shore side personnel involved in the manning and/or operation of seagoing vessels, including all persons working for B.Navi, its subsidiaries, affiliated business entities (owned wholly or partially by B.Navi) and agents of B.Navi as either direct employees or independent contractors or entity making any such report.

(3) The CCM shall be authorized to access all records and personnel regarding all vessels subject to the ECP for the purpose of assuring compliance with the ECP. The CCM shall be authorized to implement all requirements of the ECP on all vessels subject to the ECP. The CCM shall ensure that audits and surveys are carried out as required, that all documents are properly maintained and that reports are made on a timely basis to the USPO, IC, the designated representative of the Coast Guard, and B.Navi. The CCM position will be filled by an individual(s) with significant maritime vessel operational background, who possesses audit experience and is thoroughly familiar with the requirements of this ECP, and is knowledgeable about domestic and international maritime environmental laws and regulations.

CCM Responsibilities:

a. Development and Maintenance of Effective Training Programs

- To the extent not already completed, the CCM will be responsible for developing training programs to educate and train B.Navi's employees of their environmental commitment, the requirements of the ECP, the policies and procedures for complying with the ECP, and the possible consequences to the B.Navi's and to individuals for failure to comply with environmental laws.
- Provide environmental consultants and contractors of B.Navi with documents and training to make them aware of the ECP.

b. Auditing and Compliance Assessment

- Ensure that the IC conducts the review and audits required by the ECP and that the required reports are prepared.

c. Fleet Reviews

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- Supervise annual overall reviews of the environmental compliance programs and “focused” reviews of key environmental areas to promote the adoption of “best practices”.

d. Reporting of Non-Compliance by Employees and Crew Members

- Establish a means by which employees may report (anonymously if so desired) issues of non-compliance with this ECP and any other procedure, policy, or regulation associated with environmental protection.

e. The CCM shall establish that enforcement of and employee compliance with the EMS/ECP, ISM Code, MARPOL, and all applicable State and Federal safety environmental statutes and regulations, and the requirements of this compliance plan itself are an important positive factor and that failure to comply with such policies, regulations and laws will be a negative factor in all appropriate personnel evaluations.

C. MASTER and CHIEF ENGINEER

(1) The Master of each of B.Navi’s vessels covered under this ECP, with the assistance of the CCM, shall ensure that timely reports are made to the United States Coast Guard of any non-compliant condition of any of B.Navi’s operated and/or managed vessels that call upon any Port or Place in the United States or sails into any waters under the jurisdiction of the United States.

(2) The Chief Engineer on board all vessels subject to this ECP shall perform the following duties regarding this ECP:

- To daily measure, monitor and manage shipboard generated wastes;
- Report to the CCM and cooperate with B.Navi to resolve environmental concerns, such as inoperative or ineffective pollution prevention equipment and document all efforts to do so in a log that is available for review and audit at all times.

D. INDEPENDENT ECP CONSULTANT (IC) AND INITIAL ENVIRONMENTAL REVIEW

(1) No later than thirty (30) days following the District Court’s final imposition of sentence in United States v. B.Navi Ship Management Services, s.r.l., B.Navi shall nominate an IC who meets the qualifications below to conduct an Initial Environmental Review, and a Report of Findings for all of B.Navi’s operations as defined below. The United States will notify B.Navi in writing of its approval or disapproval as expeditiously as possible. The United States’ approval shall not be unreasonably withheld.

(2) Qualified candidates for the IC position must have expertise and competence in the regulatory programs under U.S. and international environmental laws, and have expertise and

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competence in waste stream evaluation monitoring and control technologies, with a primary emphasis in marine engineering, engine room and machinery space operations, used by B.Navi to achieve and maintain compliance in respect to B.Navi's seagoing vessels. The IC shall also have sufficient expertise and competence to assess whether B.Navi has an adequate Environmental Management System in place to assess regulatory and ECP compliance, correct non-compliance, and prevent future non-compliance. B.Navi and the United States acknowledge that the functions of the IC may, by mutual agreement, be fulfilled by one or more individuals. The IC shall employ experienced senior level Marine Engineers (Chief, First, or Second Engineers) to perform shipboard machinery space audits. Since the assessments and audits require a comprehensive understanding of machinery space operations, Masters, Chief Mates and other deck personnel or strict regulatory experts will be considered inadequate for performing work in the machinery space.

(3) The IC must not directly own any stock in any of B.Navi, its subsidiaries, affiliated business entities (owned wholly or partially by B.Navi) or any agents of B.Navi, and must have no other direct financial stake in the outcome of duties conducted pursuant to this Plea Agreement. The IC must be capable of exercising the same independent judgment and discipline that a certified public accounting firm would be expected to exercise in auditing a publicly held corporation. If B.Navi has any other contractual relationship with the IC, both B.Navi and the IC shall disclose to the United States such past or existing contractual relationships.

(4) If the United States determines that the proposed IC does not reasonably meet the qualifications set forth in the previous paragraphs, or that past or existing relationships of the defendant with the IC would affect the IC's ability to exercise the independent judgment and discipline required to conduct the ECP review and evaluation, such IC shall be disapproved and another IC shall be proposed by B.Navi within thirty (30) days of B.Navi's receipt of the United States' disapproval. The United States reserves the right to reject a proposed IC based a review and analysis of past performance, work products, and other documents such as audit reports, even if work was performed for defendants not listed in this agreement. The United States also reserves the right to require a new IC if, while on probation, a defendant is found guilty of, or pleads guilty to, additional environmental violations.

(5) The IC shall conduct an Initial Environmental Review of B.Navi's operations (vessel and shore side). To the extent practicable, B.Navi's seagoing vessels named in this agreement shall be reviewed while they are underway and operating, although they may also be reviewed while the vessels are in port. B.Navi and the IC shall coordinate the underway inspections to accommodate, as much as practicable, the vessel's operations and schedule. These underway examinations will be conducted, to the extent practical, on voyages of short duration (i.e. four (4) days). The Initial Environmental Review shall be performed to ascertain and evaluate various aspects of B.Navi's vessels: their systems, equipment and components; current practices whether documented or not; and the knowledge, skills, and abilities of ship and shore side personnel as they relate to the requirements of this ECP, and other maritime environmental protection requirements.

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(6) The Initial Environmental Review may be considered as a discovery action in that its purpose is to review all areas of operation that may impact various elements of pollution prevention and environmental protection. It will exceed a typical SMS audit in scope and will be used to determine practices, procedures and equipment conditions not typically documented during a routine inspection by class society, port or flag state inspection processes. The results of the initial environmental review will be used to shape and revise the Environmental Management System established by this ECP.

(7) The Initial Environmental Review shall meet the following specific requirements:

(a) It shall assess all waste streams developed from any system, equipment and components found in each machinery space onboard B.Navi's vessels. This will include observation and documentation describing the leakages apparent on each system that can contribute to bilge loading. The audit will determine the status and quantify leakages stemming from:

- (i) all pump and valve seals and glands during operation,
- (ii) all piping systems, flanges, gaskets, fittings and joints,
- (iii) all equipment casings such as main and auxiliary engines, and reduction gears,
- (iv) operation of engines, boilers, incinerators, and evaporators, and
- (v) all other mechanical components found aboard B.Navi's vessels.

(b) It shall assess the adequacy and performance of the Oily Water Separator (OWS) and Incinerator, Sewage System, and any other pollution prevention equipment to handle the quantities and types of wastes, developed during normal operations. It will include an evaluation of the capacities for all tanks or containers associated with the management of sludges, bilges and oily wastes or other wastes. It will include an evaluation of documentation tracking, maintenance and repair, modifications of all pollution prevention equipment, and notifications of equipment failure to the ECM or other shoreside personnel.

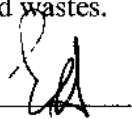
(c) It shall assess each vessel's crew and their current workloads relating to all work performed on the vessel's systems, equipment and components, in an effort to ascertain that even the least significant leakages contributing to waste streams are remedied in a prompt and effective manner.

(d) It shall assess the adequacy of the policy, procedures, current practices and equipment, including storage capabilities used to manage shipboard solid wastes generated in all areas of the vessel and the effectiveness of garbage management plans.

(e) It shall assess the adequacy of the policy, procedures, current practices and equipment associated with cargo management developed during all evolutions of cargo operations.

(f) It shall assess the ability of the vessel's crewmembers to create, devise or implement an unauthorized process to dispose of a shipboard waste including regular garbage, machinery space and cargo generated wastes.

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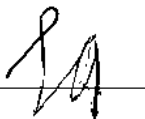
(g) It shall assess the adequacy of the vessel crewmembers to maintain the following records and includes a complete comparative analysis (against each other where possible) of the following records:

- (i) Oil Record Book,
- (ii) Engine Room Alarms,
- (iii) Tank sounding sheets,
- (iv) Personal work records and lists,
- (v) Maintenance records,
- (vi) Vendor service records,
- (vii) Bilge waste and sludge receipts,
- (viii) Deck Log,
- (ix) Garbage Record Book,
- (x) Wastewater Discharge Log,
- (xi) Oil to Sea Equipment Interface Logs,
- (xii) Hazardous waste manifests,
- (xiii) Solid waste discharge receipts,
- (xiv) Content Monitor (OWS) calibration logs,
- (xv) Training records,
- (xvi) Vetting documents,
- (xvii) Inspection Documents,
- (xviii) SMS or SQE Audit documents.

(h) It shall assess the adequacy of the policy, procedures, and current practices used to store and dispose of:

- (i) Solvents,
- (ii) Degreasers,
- (iii) Cleaning wastes,
- (iv) Batteries,
- (v) Paints,
- (vi) Oily rags,
- (vii) Fluorescent and incandescent bulbs,
- (viii) Expired boiler and engine chemicals,
- (ix) Used boiler and engine chemicals,
- (x) Galley greases,
- (xi) Pyrotechnics,
- (xii) Medical supplies,
- (xiii) Contaminates fuels,
- (xiv) Used Oils and greases,
- (xv) Incinerator ash,
- (xvi) Transformer oils,
- (xvii) Contaminated refrigerants,
- (xviii) Hazardous materials.

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(i) It shall assess and evaluate documentation containing the certifications that all vessel officers understand the requirements of this ECP and shall require signed statements by all vessel officers attesting that they understand false entries in the Oil Record Book for Machinery Space operations is a violation of law.

(j) It shall assess the policy, procedures, and current practices associated with the Master and Chief Engineer's capability to communicate with shoreside personnel, including the CCM and designated persons, and shall review such communications.

(k) It shall assess the frequency and adequacy of, through interviews of crewmembers, shipboard pollution prevention and environmental protection meetings and training.

(l) It shall assess the policy, procedures, and current practices used on vessels and ashore to track crewmember environmental training, as well as the availability of and access to training resources.

(m) It shall assess the adequacy of existing hotline reporting methods to report environmental concerns and evaluate the capability of a reporting individual to remain anonymous, and review processes of handling environmental complaints from crewmembers and shoreside personnel.

(n) It shall assess the policy, procedures, and current practices to ensure that vessel vendors, technicians, and other non-crewmembers follow B.Navi's requirements regarding pollution prevention and environmental protection.

(o) It shall assess the policy, procedures, and current practices used to manage the existing seal tracking and valve locking program, including the storage of seals and preventing the use of duplicate seals.

(p) It shall assess the policy, procedures, and current practices and equipment used to maintain refrigeration units, including availability and status of refrigerant recovery units, procedures for recovering refrigerants, and maintenance of a leak log.

(q) It shall assess the policy, procedures, current practices, and equipment related to Oil Transfer Procedures, including slops discharges, conditions of hoses, connections and transfer equipment, and shall include reviews of Declarations of Inspections.

(r) It shall assess the policy, procedures, current practices, and equipment used to handle emergency releases of hazardous fluids or pollutants on deck or within machinery spaces of vessels, including a review of the Shipboard Oil Pollution Emergency Plan and evaluation of personnel performing such duties.

(s) It shall assess the policy, procedures, and current practices associated with ballast water management and invasive species requirements.

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(t) It shall include a survey of all fleet engineers at all levels for information on how to make the OWS, OCM, associated systems and waste management processes tamper proof and for methods on reducing or handling waste accumulations within machinery spaces. Participation shall be mandatory for all engineering personnel. The survey shall request the opinions of the vessels' engineers into their ability to adequately maintain the vessel systems, equipment and components. The survey will emphasize non-retaliation for open and honest opinions and reports of current non-compliant circumstances. The responses will be maintained in original format and made available to the IC. The original survey responses shall be included in the Report of Findings.

(8) At the conclusion of the Initial Environmental Review, but in no event later than one hundred twenty (120) days following imposition of sentence, the IC shall prepare a Report of Findings. If the IC believes that additional time is needed to analyze available information, or to gather additional information, or to complete the Report of Findings, B.Navi may request that the Government grant the IC such additional time, as required, which request shall not be unreasonably denied. If necessary, the Government may grant additional time in thirty (30) day increments for completion of the Report of Findings. The Report of Findings shall be provided to B.Navi and the United States. Based on the Report of Findings, B.Navi shall develop an Environmental Management System (hereinafter EMS) and Manual as described below.

E. ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

(1) The CCM shall be responsible for establishing an Environmental Management System (EMS). To the extent possible, the EMS shall be based upon the ISO 14001 / 2004 standards. The EMS shall include the following core requirements:

(2) Environmental Policy:

The EMS should be based upon a documented and clearly communicated policy. This policy should set out the B.Navi's commitment towards a cleaner marine environment. It should include:

- (i) provision for compliance with environmental requirements,
- (ii) commitment to continuous improvement in environmental performance, including those areas required by this ECP,
- (iii) commitment to pollution prevention that emphasizes source reduction, to include funding and human resources necessary to effectively maintain and repair the systems, equipment and components found in machinery spaces of vessels,
- (iv) commitment to continuous reduction of environmental risks, and
- (v) commitment to sharing information with external stakeholders on environmental performance.

(3) Environmental Requirements and Voluntary Undertakings:

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(a) The EMS must provide a means to identify, explain and communicate all environmental requirements and voluntary undertakings to all employees, vendors, technicians, and other non-crewmembers, whose work could affect B.Navi's ability to meet those requirements and undertakings.

(b) Environmental requirements include statutes, regulations, permits, and agreements such as this ECP. Voluntary undertakings include the adaptations of additional best practices or industry norms that B.Navi may choose to adopt.

(c) The EMS must include procedures for ensuring that the organization meets these environmental requirements, voluntary undertakings and the additional requirements of this ECP. The EMS must also specify procedures for anticipating changes to environmental requirements, including new requirements that may apply as a result of changes in operations and incorporating these changes into the ECP.

(4) Objectives and Targets:

(a) The EMS shall establish specific objectives and targets for:

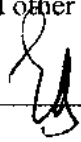
- (i) achieving and maintaining compliance with all marine environmental protection requirements and the requirements of this ECP,
- (ii) environmental performance demonstrating continuous improvement in regulated and non-regulated areas,
- (iii) pollution prevention that emphasizes source reduction with respect to machinery space waste streams and effective management of cargo related wastes, and
- (iv) sharing information with external stakeholders on environmental performance against all EMS objectives and targets.

(b) The EMS shall establish appropriate time frames to meet these objectives and targets. These must be documented and updated as environmental requirements change or as modifications occur in activities and structures within organizations in a manner that affects environmental performance or as a result of recommendations made by the IC or other Auditor.

(5) Structure, Responsibility and Resources:

(a) B.Navi will ensure that it is equipped with sufficient personnel and other resources to meet its objectives and targets. The EMS will describe in detail the procedures and steps for achieving those objectives and targets. The EMS will define the compliance roles and responsibilities of all vessel and shoreside personnel involved with the operation maintenance and repair of B.Navi's vessels, and will indicate how they and other corporate personnel will be held accountable for achieving and maintaining compliance with this EMS, the requirements of the EMS, and other marine environmental protection requirements. Additionally, it will describe how environmental performance and compliance information will be communicated to all vendors, technicians, and other non-crewmembers onboard B.Navi's vessels. The EMS will also

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establish procedures for receiving and addressing concerns raised by these personnel regarding environmental performance and compliance.

(6) Operational Control:

The EMS will identify and provide for the planning and management of all B.Navi's operations and activities with a view to achieving the ECP objectives and targets. For example, vessel deck department and engine room machinery space maintenance and repair will be an important aspect in achieving and maintaining compliance and enhancing environmental performance.

(7) Corrective and Preventive Action and Emergency Procedures:

(a) B.Navi, through its EMS, will establish and maintain documented procedures for preventing, detecting, investigating, promptly initiating corrective action, and reporting (both internally and externally) any occurrence that may affect the organization's ability to achieve the ECP objectives and targets.

(b) Such measures must address incidents that may have an effect on compliance with environmental requirements as well as on environmental performance in regulated and non-regulated areas, including requirements of this ECP, or other marine environmental protection requirements. Examples of such situations include incinerator or oily water separator malfunctions, overflows of fuel or slop tanks, overflow of tanks within machinery spaces, fuel oil, lube oil, saltwater line failures, operator errors and other accidental releases.

(c) The EMS must also establish documented procedures for mitigating any adverse impacts on the environment that may be associated with accidents or emergency situations. If the environmental violation or incident resulted from a weakness in the system, the EMS should be updated and refined to minimize the likelihood of such problems recurring in the future. The EMS should also, to the extent possible, provide for the testing and evaluation of emergency procedures.

(8) Training, Awareness and Competence:

The EMS must establish procedures to ensure that all personnel (including vendors, technicians, and other non-crewmembers) whose job responsibilities affect the ability to achieve the ECP objectives and targets, have been trained and are capable of carrying out these responsibilities. In particular, the training should highlight means to enhance the ability of such personnel to ensure compliance with environmental requirements and voluntary undertakings, the requirements of the ECP and other marine environmental protection requirements.

(9) Organizational Decision-making and Planning:

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The EMS must describe how these elements will be integrated into the organization's overall decision-making and planning, in particular, decisions on capital improvements, training programs, and vessel operations, maintenance and repair activities.

(10) Document Control:

The EMS must establish procedures to ensure maintenance of appropriate documentation relating to its objectives and targets and should also ensure that those records will be adequate for subsequent evaluation and improvement of the operation of the EMS. Additionally, all records will be maintained and made available to the IC, auditors and port and flag state personnel.

(11) Continuous Evaluation and Improvement:

(a) The EMS must include methods to perform periodic, documented and objective internal auditing of the organization's performance in achieving these objectives and targets, and on how well the ECP assists the organization in achieving those objectives and targets. This requirement is independent from the auditing requirements detailed elsewhere in this plan. The goal of these internal audits and reviews will be to allow management to continuously monitor and assess vessel systems, equipment and components, and the ability and proficiency at which vessel crew members and personnel ashore comply to the policies and procedures established by this ECP.

(b) The EMS will identify an ongoing process for assessing when a vessel is to be taken out of service for an environmental discharge related repair, such as when a discharge is caused by leaking stern tubes, thrusters or other equipment.

(c) The EMS will include organization charts, as appropriate, that identify shore side and vessel individuals having environmental performance, risk reduction, and regulatory compliance responsibilities. The charts shall also specify responsibilities of Port Captains, Port Engineers, and Engineering Superintendents to report information related to environmental releases or inadequate performance of environmental pollution protection equipment, casualties causing internal spills, excessive waste development and leaking equipment with oil-to-sea interfaces.

(d) The EMS will promote non-retaliatory practices and ensure that employees are not punished or otherwise suffer negative consequences for reporting violations of environmental laws, regulations, or policies.

(e) The EMS will describe potential consequences for departure from specified operating policies and procedures, including possible termination of employment, as well as criminal/civil/administrative penalties as a result of noncompliance.

(f) The EMS will make employee compliance with environmental policies of the ECP, and other marine environmental protection requirements a positive factor, and failure to comply a negative factor, in all evaluations undertaken for the performance of all its employees.

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(g) The EMS will include policies against any incentive or bonus programs based on minimizing operational costs associated with the operation, maintenance and repair of machinery space systems, equipment and components to ensure that employees do not avoid such costs and thereby sacrifice environmental compliance.

(h) The EMS will describe a confidential non-compliance reporting system that is adopted to ensure that employees may quickly and confidentially report discharges, spills, environmental incidents and other environmental performance data.

(i) The EMS will identify all operations and activities where documented standard operating practices (SOPs) are needed to prevent potential violations or unplanned waste stream releases, with a primary emphasis on vessel engine room operations, systems, equipment and components and cargo residue management.

(j) The EMS will identify the types of records developed and maintained in support of the ECP such as reports, audit working papers, correspondence, communications, reports from the confidential system for non-compliance reporting, and identify personnel responsible for their maintenance, and procedures for responding to inquiries and requests for release of information. The EMS shall provide a system for conducting and documenting routine, objective self-inspections by B.Navi's internal auditors, supervisors, and trained staff to check for malfunctions, deterioration, and inadequate maintenance of pollution prevention equipment, worker adherence to SOPs, unusual situations, and unauthorized releases.

F. COURT APPOINTED MONITOR

As part of the ECP, B.Navi agrees to pay for a Court Appointed Monitor (hereinafter "Monitor") that will be appointed by and report to the Court during the entire period of probation. The Monitor can, at B.Navi's option, serve concurrently in the additional capacity of Third Party Auditor (hereinafter "TPA") under the terms of this Agreement provided the technical selection criteria in sections D and H are met. Within thirty (30) days of the entry of the imposition of sentence B.Navi will submit a list of three qualified candidates for the Monitor from which the United States and the Court will appoint one of the candidates. In the event that the United States and the Court does not find one of the candidates satisfactory, or if they do not find the work of the Monitor satisfactory, at any time they may request B.Navi to supply additional candidates. Further, if an agreement can not be reached regarding the selection, the decision shall be left up to the Court. The Monitor must have staff with the following experience:

a. Expertise and competence in the regulatory programs under United States and international marine safety and environmental laws; expertise and competence to assess whether B.Navi has adequate management systems in place to ensure regulatory compliance, correct non-compliance, and prevent future non-compliance; and demonstrated capability to evaluate B.Navi's required effort and commitment in satisfying the requirements of this ECP and the EMS. B.Navi shall ensure that the Monitor is provided all reports and notifications as established in this plan.

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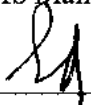


b. The Monitor shall be assigned the following tasks and responsibilities and provide written submissions to the Court as set forth below:

- Review the relationship between B.Navi and the IC and TPA and evaluate the adequacy of measures taken to ensure that the IC and TPA act with independence.
- Conduct a review and submit an annual report to the USPO, B.Navi, designated representative of the Coast Guard, and the Environmental Crimes Section, United States Department of Justice regarding each of the audits conducted by the IC and TPA pursuant to the Plea Agreement and the ECP. The Monitor's reports shall provide a summary of the findings regarding the adequacy of any audits required by this ECP and adequacy of recommendations for change, as found necessary.
- The annual report shall also include and address any other information that the Monitor is aware of which pertains to B.Navi's capabilities to meet the objectives of this ECP or any other marine environmental protection requirements.
- All known inadequacies of the IC, the TPA or with respect to B.Navi's performance whether personnel based or related to any of its vessels, systems, equipment, or components shall be reported in the annual report.
- If the Monitor receives information regarding a direct violation of any existing marine environmental protection requirement or requirement of this ECP, the Monitor must immediately report the occurrence to the USPO and to the United States. At any time during the probationary period the Monitor may inspect or investigate any aspect of the IC or TPA activities as they relate to the requirements of this plan or with respect to B.Navi's operations, and shall be provided full access to all records, audit personnel, vessels and shore side facilities as is necessary to perform its duties.
- Provide any additional reports, in both electronic and hard copy form, to the USPO, B.Navi, designated representative of the Coast Guard and the Environmental Crimes Section, United States Department of Justice, as requested by the Court or as appropriate and to include inadequacies in the audit process, violations of the terms and conditions of the ECP and EMS and any other findings of significant problems or deficiencies.

G. ENVIRONMENTAL MANAGEMENT SYSTEM (EMS) MANUAL

(1) Within six (6) months of receiving the Report of Findings on the Initial Environmental Review from the IC, B.Navi shall prepare an EMS Manual, which shall describe and document the EMS and contain any additional EMS implementation schedules as needed to ensure complete compliance in all operations and procedures. If B.Navi believes that additional time is needed to analyze available information or to gather additional information to prepare the EMS Manual, B.Navi may request that the Government grant it such additional time as needed to prepare and submit the EMS Manual, which request shall not be unreasonably denied. If

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necessary, the United States may grant additional time in thirty (30) day increments for completion of the EMS Manual.

(2) B.Navi shall submit a proposed final EMS Manual to the CCM, the IC and the United States immediately upon its completion. The IC and the United States shall provide comments on the proposed EMS Manual within ninety (90) days of receipt unless additional time for review is requested in writing. B.Navi shall submit a supplement to the EMS or a written response, as appropriate, within sixty (60) days of receipt of the comments. The EMS is subject to final approval from the United States, which approval shall not be unreasonably withheld.


(3) All elements of the EMS Manual shall be fully implemented no later than nine (9) months following final approval by the United States. Upon receipt of final approval, B.Navi shall immediately commence implementation of the EMS in accordance with the schedule contained in the EMS Manual. B.Navi shall submit reports to the designated representative of the Coast Guard, and the Environmental Crimes Section, United States Department of Justice beginning no later than one hundred twenty (120) days following the publication of the Report of Findings by the IC, regarding the status of the development and implementation of the EMS and the results of the review and evaluation of B.Navi's operations or audits conducted pursuant to the EMS. These reports shall be made on an annual basis.

H. FINAL EMS/ECP COMPLIANCE AUDIT

(1) Beginning no later than twelve (12) months following implementation of the EMS, B.Navi shall arrange for, fund and complete a Final EMS/ECP Compliance Audit of B.Navi's vessels named herein which call to verify compliance with applicable environmental laws and regulations and the requirements of this EMS and ECP. All such vessels must be examined while the vessels are underway and operating. B.Navi and the TPA shall coordinate the underway examinations to accommodate, as much as practicable, the vessel's operations and schedule. These underway examinations will be conducted, to the extent practical, on voyages of short duration (i.e. four (4) days). The TPA will have full access to B.Navi's facilities, records, employees and officers at all times. During this final audit phase B.Navi shall immediately advise the TPA of any issue that comes to its attention that adversely impacts B.Navi's compliance with all applicable laws and regulations and the EMS/ECP.

(2) The TPA will be certified by the American National Standards Institute-Registration Accreditation Board or will have comparable credentials and experience in performing EMS/ECP audits. Selection of the TPA is subject to the same conditions identified in Section D paragraphs 2 through 4 above regarding selection of the IC. Selection of the TPA will be approved by the United States. The United States will notify B.Navi in writing of its approval or disapproval as expeditiously as possible.

(3) The Final EMS/ECP Compliance Audits shall be conducted, as much as is practicable under the circumstances, in accordance with the principles set forth in ISO 9000 and ISO 14011, using ISO 14012 as supplemental guidance. The TPA shall assess conformance with the elements

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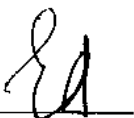
covered in the Initial Environmental Review, with all additional requirements presented in the EMS and with the additional requirements of this plan. Designated United States representatives may participate in the audits as observers at Government expense. B.Navi shall make timely notification to the United States regarding audit scheduling in order to make arrangements for observers to be present.

(4) The TPA shall deliver each vessel's and facility's audit report to the appropriate company official upon completion. In addition, the TPA will deliver an Audit Report to the USPO, designated representative of the Coast Guard, and Environmental Crimes Section, United States Department of Justice within thirty (30) days after the completion of each audit. If the TPA believes that additional time is needed to analyze available information or to gather additional information, B.Navi may request that the Government grant the TPA such additional time as needed to prepare and submit the Audit Report. If necessary, the Government may grant additional time in thirty (30) day increments for completion of the Audit Report. Should the Government or the United States Probation Office seek to revoke B.Navi's probation based on the TPA's failure to file a timely EMS/ECP Final Compliance Audit Report, B.Navi shall have the right to contest the reasonableness of such revocation in the appropriate U.S. District Court.

(5) The Final EMS/ECP Compliance Audit Reports shall present the Audit Findings and shall, at a minimum, contain the following information:

- (a) Audit scope, including the time period covered by the audit;
- (b) The date(s) the on-site portion of the audit was conducted;
- (c) Identification of the audit team members;
- (d) Identification of the company representatives and regulatory personnel observing the audit;
- (e) The distribution list for the Final EMS/ECP Compliance Audit Report;
- (f) A summary of the audit process, including any obstacles encountered;
- (g) Detailed Audit Findings, including the basis for each finding and the Area of Concern identified;
- (h) Identification of any Audit Findings corrected or Areas of Concern addressed during the audit, and a description of the corrective measures and when they were implemented;
- (i) Certification by the TPA that the Final EMS/ECP Compliance Audit was conducted in accordance with this document and general audit principles.

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(6) Within sixty (60) days from completion of the Final EMS/ECP Compliance Audit of a particular facility or vessel, B.Navi shall develop and submit to the United States, for review and comment, an Action Plan for expeditiously bringing B.Navi into full conformance with all applicable laws and regulations and the EMS/ECP manual. The Action Plan shall include the result of any root cause analysis, specific deliverables, responsibility assignments, and an implementation schedule. B.Navi may request that the United States permit a brief extension of the time limit stated above on a case by case basis. Such permission shall not be unreasonably withheld.

(7) The Action Plan shall be reviewed by the United States who shall provide written comments within thirty (30) days of receipt. After making any necessary modifications to the Action Plan based on the comments, B.Navi shall implement the Action Plan in accordance with the schedules set forth therein. Within thirty (30) days after all items in the Action Plan have been completed, B.Navi shall submit a written Action Plan Completion Certification to the United States.

I. NON-COMPLIANCE

(1) This EMS/ECP does not in any way release B.Navi from complying with any applicable international conventions and treaties, State or Federal statutes and/or regulations, the ISM Code, or other international maritime conventions or treaties and does not limit imposition of any sanctions, penalties, or any other actions, available under those international conventions and treaties, State or Federal statutes and regulations, the ISM Code, or other international maritime safety conventions or treaties.

(2) The EMS/ECP shall be part of the Plea Agreement and adherence to it will be a condition of probation. Failure to comply with any part of this EMS/ECP (including but not limited to refusal to pay valid charges for the IC or TPA and failure to provide the IC or TPA access to vessels, facilities, personnel or documents) shall be a violation of the Plea Agreement and shall be grounds for the revocation or modification of B.Navi's probation. Should the United States or the United States Probation Office seek to revoke or modify B.Navi's probation based on B.Navi's refusal to pay valid charges for the IC or TPA and/or its failure to provide the IC or TPA access to vessels, facilities, personnel, or documents, and/or as a result of any disagreement regarding any of the provisions of this EMS/ECP, B.Navi shall have the right to contest the reasonableness of such revocation before the appropriate United States District Court. B.Navi agrees that the United States District Court for the Southern District of Texas shall have jurisdiction over any violation of this ECP.

J. BOARD OF DIRECTORS

B.Navi shall ensure that at least twice yearly its Board of Directors or equivalent governing structure receive and review reports from the CCM and any applicable report from the IC concerning the implementation of this EMS/ECP, including environmental compliance, EMS implementation, and manager, officer, and crew training. Copies of those portions of the

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meeting agendas and internal company reports concerning these items shall be included in the reports to the United States.

K. TRAINING REQUIREMENTS

(1) The CCM will be responsible for developing training programs to educate and train B.Navi's vessel and shore side employees associated with the operation and management of its vessels. The CCM may name a Corporate Training Officer to ensure that the requirements of this section are met.

(2) Training shall occur annually for all employees and be performed by qualified instructors at a training facility before an employee assumes his or her duties. The training shall consist of pertinent sections of this ECP, the EMS, and existing marine environmental protection requirements. The training shall include shipboard-related technical and practical information associated with pollution prevention and the operation, maintenance and repair of pollution prevention equipment and systems, and be appropriate for the work responsibilities and department in which an employee works. The training must include discussion of the consequences to B.Navi and its employees for failure to comply with the requirements of this ECP, EMS, and existing marine environmental protection requirements.

(3) Where possible, a basic initial training program shall be provided to vessel employees currently onboard vessels in an effort to promptly mitigate pollution risk and ensure environmental protection. However, such employees must receive the shore side training prior to returning to a vessel on a new contract.

(4) Additionally, the training shall include instruction regarding:

- (a) Corporate environmental compliance structure, including the CCM and contact information.
- (b) Comprehensive overview of this ECP, the EMS, and other marine environmental protection requirements.
- (c) The reporting system used to report non-compliance.
- (d) Sanctions and consequences for violations such as remedial training, suspension, termination, and civil and criminal liability.
- (e) Pollution prevention and minimization programs specifically relating to steward, deck, and engine department procedures and operations.
- (f) All requirements set forth in the Engineering section of this ECP.

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(g) Position specific training in the operation, maintenance and repair of oily water separators, incinerators, oil content discharge monitoring equipment, and other pollution prevention equipment.

(h) Procedures for solid and hazardous waste segregation and storage, disposal, and reporting of releases.

(i) All other shipboard environmental protection related procedures examined and described in the required initial review.

(5) All new crewmembers hired to work on B.Navi's vessels shall receive training within seven days of beginning to work on board the vessel. B.Navi shall maintain documentation onboard each of its operated and/or managed vessels verifying that all officers and crewmembers working on the vessel have received the required training. Such documentation shall be made available to the IC and the United States Coast Guard upon request.

(6) The Chief Engineer onboard each of B.Navi's operated and/or managed vessels listed shall prepare independent written verification that all engine room crew members have received the training required by this EMS/ECP. All engine room crewmembers shall sign and date a statement acknowledging completion of the training. This written verification, together with the signed acknowledgment, shall be completed semi-annually and maintained in the engine control room of each vessel.

L. ENGINEERING REQUIREMENTS

(1) Unless otherwise stated, all of the requirements set forth below, if not in contravention of any Class, Treaty or other Flag State requirements, shall be implemented on the vessels covered under this ECP as soon as practicable, as determined by the CCM and not later than one year from the date of the signing of the plea agreement.

(2) Bilge Main Cross - Connections:

(a) B.Navi shall immediately notify all of its vessels regarding the prohibition against non-emergency use of cross connections from engine room bilge mains to the suction piping of larger pumps which may be referred to as the "fire and general service pump" or "fire, bilge and ballast" pump. The message shall state that the usage of these crossovers is similar to bypassing the OWS equipment and strictly prohibited.

(b) The deck plates above or near the locations of these cross connections and the valves bodies and associated hand wheels shall be painted international orange. A brightly colored sign with three inch letters shall be permanently fixed nearby - "Bilge System Piping Crossover - Emergency Use Only."

Defendant's Initials



(c) To prevent unauthorized usage, Chief Engineers shall place numbered seals on these valves.

(d) The seal numbers shall be tracked in a seal number logbook and explanations shall be given any time a crossover to the bilge main is opened. Seals shall be used in other areas of the machinery space. The Master of the vessel shall retain the replacement seals in the vessel's safe. He/she will keep an additional log documenting when seals are replaced and their respective numbers. The CCM will be responsible for ensuring fleet wide that no duplication of seal numbers occur and will have a master tracking document indicating which series were supplied to each vessel.

(e) If the valves are remotely operated from the engine control room, the control must also be disabled and notice made near the associated push buttons or switches. They shall also be sealed.


(f) All other bilge suction valves not connected to the bilge main, including independent emergency suction to the vessel's engine room bilges like those that may be connected to sea water circulating pumps, will be painted brightly and labeled similarly "Emergency Bilge Suction - Emergency Use Only." Their valve wheels will also have a numbered and logged seal capable of breakaway during emergency. Seal numbers shall be kept the in the Chief Engineer's official seal log book and explanations given for breakage or replacement.

(3) Blank Flanges:

(a) To prevent unauthorized connections within the engine-room and machinery spaces of B.Navi's vessels, every blank flange associated with any piping leading overboard, on systems such as salt water service, main engine raw water cooling or other systems, shall be permanently secured, removed or fitted with numbered seals through the flange bolts to prevent unauthorized connections and discharges. The seals used shall be numbered and records kept in the previously mentioned log.

(b) The blank flange securing the bilge and sludge transfer system and the shore connection discharge valve at the discharge stations shall also require a numbered seal that will be maintained. Seal numbers shall be kept in the Chief Engineer's official seal log book.

(4) Bilge Sampling and OWS Performance Analysis:

Defendant's Initials 

(a) B.Navi agrees within the first year of the probationary period to take samples of the bilge water from 50% of its vessels. The sample shall be taken from the surface of the water of the most commonly used bilge well within the engine room -- that is, the bilge well receiving most of the accumulation. The purpose of this collection is to capture a sample that adequately represents the common fluids and contaminants that accumulate. No attempt should be made to collect a clean sample only.

(b) The samples shall be forwarded to an appropriate lab selected by the CCM at B.Navi's cost for a content analysis. The comparative results of all the analyses shall be used to develop a representative sample of bilge water and its associated contaminants. This representative sample will then be provided to the manufacturer of the predominate oily water separator found onboard B.Navi's vessels.

(c) B.Navi agrees to work cooperatively with the manufacturer to verify the equipment's capability to process such fluids having this content. B.Navi may choose to work with the manufacturer in this verification process and also to develop ways to improve the performance of existing equipment or may explore other separation technologies capable of handling the fluid.

(5) Tank Sounding Log:

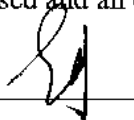
The CCM shall ensure the immediate usage of Tank Sounding Log Books on all vessels. Engine room crewmembers shall be required to sound all waste, sludge, and bilge tanks associated with bilge water, oil wastes, or sludge during each watch for vessels having a manned engine room or twice daily for those having an unmanned engine room. The Tank Sounding Log shall be initialed by the crewmember that obtained the reading. The Tank Soundings Log shall be maintained in the engine control room and made available during all inspections and audits required by this agreement.

(6) Fuel Oil / Lube Oil Purifier Settings and Line Breaks:

(a) B.Navi agrees to immediately develop for each vessel a log book relating to fuel oil and lube oil management and to the operation of the fuel oil and lube oil purifiers and for line or piping failures. The shoot interval settings of each purifier will be documented at all times. Any change in the setting must note the date and respective motor controller hours. Any incident involving ships having received poor quality fuel will be noted. References to appropriate receipts shall be made. Any extraordinary operations, such as the need for frequent draining of fuel oil service and settling tanks, excessive water, waxing, compatibility, stratification or other contamination problems, shall be noted and explanations provided for the handling of unburned oils or used filters.

(b) Any time, any line or component on a fuel, lube, or waste oil system fails, including high pressure lines on diesel engines, a record shall be made and a notation given as to the quantity released and an explanation given as to how the unintended released fluid

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was handled. Additionally, unintended releases of abnormal quantities of water, salt, fresh, condensate, or cooling, shall also be recorded. The lowest level engineer involved in any of the circumstances previously described will make the entry and provide his or her signature.

(7) Oil-to-Sea Interfaces:

(a) B.Navi agrees to immediately develop for each vessel a log book relating to equipment having oil-to-sea interfaces. Such systems may be oil lubricated stern tubes, bow or stern thrusters, stabilizers, hydraulically operated controllable pitch propellers, and similar equipment whereby the leakage of a sealing component may cause a loss of operating medium into the surrounding waters of the vessel. Any replenishment of oil into the head tanks, operating systems reservoirs or other receivers associated with this equipment shall be logged regardless of quantity. Ingress of water into these systems must also be logged.

(b) When known, an explanation of the loss shall be provided, along with dates and time and signature. Routine stern tube lube oil loss must be logged and reported to the CCM immediately on each occasion. B.Navi agrees to remove from employment any Chief Engineer who fails to report these conditions.


(8) Record Keeping:

(a) All Soundings and Logs required by this section shall be maintained onboard the vessel for a period of three years from the date of the final entry.

M. DOCUMENTATION AVAILABLE FOR INSPECTION

The CCM shall ensure that all documentation required by this EMS/ECP is maintained and available for inspection by the IC, TPA, and the United States Coast Guard. The Master of each of B.Navi's covered under this ECP, shall maintain on board the vessel, all records required by international conventions and treaties including SOLAS, the ISM Code, and MARPOL and applicable State and Federal statutes and regulations and any additional documents required under this EMS/ECP, such as crew training records, and will make these records available to the IC, TPA, and the United States Coast Guard upon request. A summary of this information and any explanation, where appropriate, shall be included in the reports to be submitted to the United States by the IC and TPA.

N. CHANGES IN OWNERSHIP/MANAGEMENT

Defendant's Initials 

The parties recognize that during the term of probation, the number and identity of vessels operated, managed, manned and/or controlled by B.Navi that call on ports or places in the United States may increase or decrease. Any vessel, the operation, management, manning or control of which is assumed by B.Navi, and which calls on ports or places in the United States shall be subject to the terms and conditions of this EMS/ECP. Any vessel removed from the operation, management, manning or control by B.Navi, or which stops calling in the United States, shall be excluded from the scope of the EMS/ECP. B.Navi agrees that it will immediately (but in no event later than 21 days following a change) notify the United States of any change in name, flag of registry, recognized organization, ownership or class society of any such of B.Navi's vessels, to include any vessel the operation, management, manning or control of which is assumed by B.Navi and which calls in the United States. B.Navi agrees that this EMS/ECP shall remain in effect for all of the aforesaid vessels regardless of changes in the vessels' flag of registry, recognized organizations, name, or class society, so long as the vessels are managed, operated or manned by B.Navi. B.Navi shall notify the United States before any vessel is released from the requirements of the EMS/ECP due to a change in ownership, management, manning or control, or if such vessels cease calling on ports or places in the United States.

O. SELF-ENFORCEMENT

B.Navi further agrees that it will undertake and implement the necessary procedures to ensure that this EMS/ECP is diligently complied with by the officers and crew of each of B.Navi's operated and/or managed vessels, as well as by all shore side employees, managers and other employees of B.Navi's subsidiaries, affiliated business entities (owned wholly or partially by B.Navi) and agents of B.Navi engaged wholly or partially in the manning, and/or operation of aforesaid seagoing vessels or contracted to do the same, on the date of sentencing or at any time during the period of probation.

P. REVISIONS/MODIFICATIONS

The requirements of this EMS/ECP, including the dates and time periods mentioned herein, shall be strictly complied with. Should B.Navi be unable to comply with any of the deadlines, B.Navi shall immediately notify the United States in writing of the reason(s) for non-compliance, and propose a revised timetable. The United States shall then determine as to whether the revised timetable should be accepted.

Q. REPORTS

All reports, documents and correspondence required under this EMS/CP to be sent to the United States shall be sent to the following offices:

- (a) U.S. Attorney's Office
Southern District of Texas
ATTN: AUSA Abe Martinez
Post Office Box 61129

Defendant's Initials



Houston, Texas 77208

- (b) U.S. Department of Justice
Environmental Crimes Section
ATTN: James B. Nelson
601 D Street, NW, Room 2804
Washington, D.C. 20004

- (c) U.S. Coast Guard Commandant (CG-543)
Office of Vessel Activities
2100 Second Street, S.W.
Washington, D.C. 20593-0001
Attn: Designated Representative of the Coast Guard

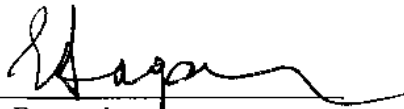
- (d) U.S. Probation Office
Southern District of Texas

Defendant has read this ECP carefully and understands it thoroughly. Defendant enters into this ECP knowingly and voluntarily, and therefore agrees to abide by its terms. By its signatures below, the corporate representative agrees that he/she is duly authorized by the corporation's Board of Directors or equivalent governing structure pursuant to the same notarized legal document filed in United States v. B.Navi Ship Management Services s.r.l., certifying that the defendant companies are authorized to enter into and comply with all of the provisions of this Plea Agreement.

DATED: January 11, 2008

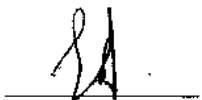
B.NAVI SHIP MANAGEMENT SERVICES, s.r.l.

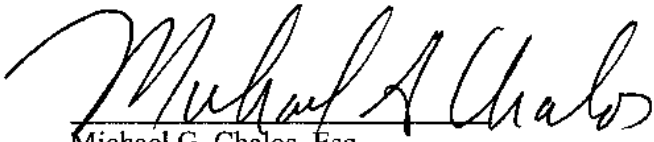
By:



Enrico Bogazzi
Managing Director
Authorized Representative of
Defendant B.Navi Ship Management
Services, s.r.l.

Defendant's Initials _____





Michael G. Chalos, Esq.
Attorney for Defendant
B.Navi Ship Management Services, s.r.l.

Defendant's Initials



Minutes of a Meeting of
Board of Directors of B.Navi Ship Management S.r.l.
Held at its registered office at
Viale Zaccagna, 6 – 54036 Marina di Carrara – Italy
on the 11th day of January, 2008

Present:

Mr. Enrico Bogazzi	-	President of the Board of Directors and Managing Director
Ms. Laura Rossi	-	Managing Director
Ms. Francesca Bogazzi	-	Managing Director
Mr. Bogoljub Zaric	-	Managing Director
Mr. Giorgio Boesgaard	-	Director
Mr. Renato Maggiani	-	Director

The Executive Director of the Corporation took the chair and acted as Chairman and called the Meeting to order. Mrs. Laura Rossi acted as Secretary of the Corporation and recorded these minutes. The Chairman declared that Notice of the Meeting had been duly waived and that all directors were present in person or by proxy and that the Meeting was duly constituted.

On motion duly made, seconded and unanimously carried;

IT WAS RESOLVED:

THAT, the terms and conditions of the written Plea Agreement, dated 11th of January 2008 between the United States of America and the Corporation having been explained to the Board by its counsel, and the Board understanding those terms and conditions, and all corporate formalities required for the authorizations contained herein having been observed, the Corporation hereby assents to those terms and conditions and agrees to enter into the said written Plea Agreement in that certain matter now pending in the United States District Court, Southern District of Texas, entitled United States of America, Plaintiff, v. B. Navi Ship Management S.r.l., Defendant, Index No. 08-cr-00033. A copy of the written Plea Agreement is attached hereto

and the Board of Directors deems it in the best interests of the Corporation to enter into that Agreement; and,

THAT, Mr. Enrico Bogazzi, Managing Director of the Corporation, and/or Mr. Michael G. Chalos of Chalos, O'Connor & Duffy, LLP, and/or Mr. George M. Chalos of Chalos, O'Connor & Duffy, LLP, and/or Mr. Michael K. Bell of Bell, Ryniker & Letourneau, each be and hereby is authorized, empowered and directed to execute the Plea Agreement on behalf of the Corporation and to execute any and all other documents and instruments, and to take any and all actions to do any and all other things necessary or incidental for the execution and entry of the Plea Agreement and Factual Statement; and,

THAT, Mr. Marco Contini, General Counsel for the Corporation, and/or Mr. Michael G. Chalos of Chalos, O'Connor & Duffy, LLP, and/or Mr. George M. Chalos of Chalos, O'Connor & Duffy, LLP, and/or Mr. Michael K. Bell of Bell, Ryniker & Letourneau, be and hereby is authorized to appear before the United States District Court, Southern District of Texas, and enter pleas of guilty on behalf of the Corporation in the case entitled United States of America Plaintiff, v. B. Navi Ship Management S.r.l., Defendant, Index No. 08-cr-00033; and,

THAT, the Board, having been advised by counsel that the charges to which the Corporation will plead guilty pursuant to the Plea Agreement in the case entitled United States of America Plaintiff, v. B. Navi Ship Management S.r.l., Defendant, Index No. 08-cr-00033, are presented by Information rather than by grand jury indictment, and the Board having been advised of the Corporation's right to be charged by grand jury indictment and fully understanding that right, the Corporation hereby authorizes, directs and empowers Mr. Marco Contini, General Counsel for the Corporation and/or Mr. Michael G. Chalos, and/or Mr. George M. Chalos, and/or Mr. Michael K. Bell, to appear before the United States District Court, Southern District of Texas,

and, in that case, waive the Corporation's right to be charged by grand jury indictment and consent to being charged by Information.

AND IT WAS FURTHER RESOLVED:

THAT, the Corporation, acknowledges that, with the consent of its Board of Directors, it is, and has been, represented in this matter by its counsel, Mr. Michael G. Chalos of Chalos, O'Connor & Duffy, LLP, Mr. George M. Chalos of Chalos, O'Connor & Duffy, LLP, and Mr. Michael K. Bell of Bell, Ryniker & Letourneau; and,

THAT, the Corporation, by its Board of Directors, acknowledges that it has been fully informed and counseled by its attorneys in respect to the Plea Agreement and Factual Statement and the possible fines, penalties and consequences thereof, and the Corporation understands the provisions of the Plea Agreement and Factual Statement, its contents and consequences.

AND IT WAS FURTHER RESOLVED:

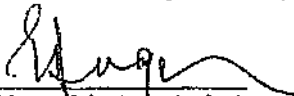
THAT, the terms and conditions of the written Environmental Compliance Program dated 11th of January 2008 between the Corporation and the United States of America having been read and understood by the Board, the Corporation hereby assents to those terms and conditions and agrees to enter into the said written Compliance Program, as set forth in the Plea Agreement, in that certain matter pending in the United States District Court, Southern District of Texas, entitled United States of America, Plaintiff, v. B. Navi Ship Management S.r.l., Defendant, Index No. 08-cr-00033; and,

THAT, the Board of Directors deem it in the best interests of the Corporation to enter into that Agreement and the Compliance Program; and,

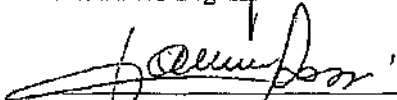
THAT, Mr. Enrico Bogazzi, Director of the Corporation, and/or Mr. Michael G. Chalos, and/or Mr. George M. Chalos, and/or Mr. Michael K. Bell be and hereby are authorized, empowered

and directed to execute the Environmental Compliance Program on behalf of the Corporation, thereby signifying its assent to the terms and conditions of the Compliance Program; and, THAT, Mr. Marco Contini, General Counsel of the Corporation, and/or Michael G. Chalos, and/or Mr. George M. Chalos, and/or Mr. Michael K. Bell, be and hereby are authorized, as counsel for the Corporation, to appear before the Court at the time of sentencing, to allocute on behalf of the Corporation, and to do any and all things necessary to plead to the charges against the Corporation and to accept the sentence imposed by the Court on behalf of the Corporation, and to deliver payment of any and all fines and special assessments, as required.

Executed this 11th day of January, 2008.



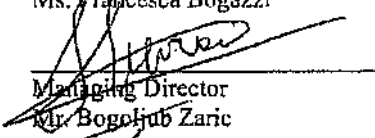
President of the Board of Directors and Managing Director
Mr. Enrico Bogazzi



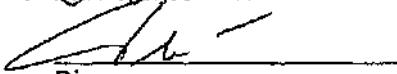
Managing Director
Ms. Laura Rossi



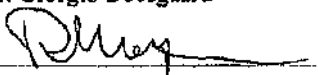
Managing Director
Ms. Francesca Bogazzi



Managing Director
Mr. Bogoljub Zaric



Director
Mr. Giorgio Boesgaard



Director
Mr. Renato Maggiani

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UNITED STATES OF AMERICA :

v.

B.NAVI SHIP MANAGEMENT
SERVICES, s.r.l.

:
: CASE NO. _____
:
:
:

PLEA AGREEMENT

Pursuant to discussions between the United States of America, by and through its attorneys, representing and binding only the Environmental Crimes Section of the United States Department of Justice and the Office of the United States Attorney for the Southern District of Texas, and the Defendant, B.Navi Ship Management Services s.r.l. (hereinafter "B.Navi"), operator of the vessel *M/V Windsor Castle* (hereinafter "*Windsor Castle*") by and through its authorized representative, the following agreement is hereby entered into by the respective parties and submitted to the Court pursuant to Federal Rule of Criminal Procedure 11(c)(1)(C):

A. Particularized Terms

1. Count Pleading To

The Defendant shall waive its right to be indicted by a grand jury and enter a plea of guilty to Counts One and Two of the Information filed in this case. Count One charges the Defendant with violating the Act to Prevent Pollution from Ships, 33 U.S.C.

Defendant's Initials *BJ*

§ 1908(a) and 33 CFR § 151.25. Count Two charges the Defendant with violating the False Statements Act, 18 U.S.C. § 1001(a)(3).

2. Maximum Penalties

Counts One and Two each carry a maximum sentence of a fine of up to Five Hundred Thousand Dollars (\$500,000.00), or twice the gross gain or loss resulting from the unlawful conduct, pursuant to 18 U.S.C. § 3571(c) and (d), a term of probation of five (5) years, pursuant to 18 U.S.C. § 3561(c)(1), and a special assessment of Four Hundred Dollars (\$400.00), pursuant to 18 U.S.C. § 3013(a)(2)(B). With respect to certain offenses, the Court shall order the Defendant to make restitution to any victim of the offense, and with respect to other offenses, the Court may order the Defendant to make restitution to any victim of the offense, or to the community, as might be set forth below.

Unless otherwise ordered, should the Court order a fine of more than \$2,500 as part of the sentence, interest will be charged on the unpaid balance of a fine amount not paid within fifteen (15) days after the judgment date, pursuant to Title 18, United States Code, Section 3612(f). Other penalties and fines may be assessed on the unpaid balance of a fine pursuant to Title 18, United States Code, §§ 3572(h), (i), 3612(g).

3. Elements of the Offense

The Defendant acknowledges understanding the nature and elements of the offense with which Defendant has been charged and to which Defendant is pleading guilty.

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The elements of Count One are:

First, that the *Windsor Castle* was a ship of more than 400 gross tons;

Second, the Defendant, through its employees and/or agents, was in charge of the *Windsor Castle*, including the machinery space operations and all overboard discharges of sludge and other oily waste;

Third, that for the *Windsor Castle*, the Defendant, through its employees and/or agents, knowingly failed to fully and accurately maintain an Oil Record Book in which the required operations were recorded without delay, specifically, all disposals of oil residue, all discharges overboard and disposals otherwise of oily mixtures from the machinery space; and all emergency, accidental, or other exceptional discharges of oil or oily mixtures; and

Fourth, that the failure to maintain the Oil Record Book occurred while the *Windsor Castle* was in the navigable waters of, or at a port or terminal of, the United States.

The elements of Count Two are:

First, that the Defendant, through its employees and/or agents, did knowingly and willfully make materially false, fictitious, and fraudulent statements and representations;

Second, that the Defendant, through its employees and/or agents, made the materially false, fictitious, and fraudulent statements and representations to, and in a

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matter within the jurisdiction of, the United States Coast Guard and the Department of Homeland Security;

Third, that the Defendant, through its employees and/or agents, knew the statements were false at the time they were made.

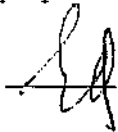
4. Mandatory Restitution to Victim of Offense of Conviction

The Defendant understands that the Court shall order restitution to any identifiable victims unless, pursuant to Title 18, United States Code, §§ 3663 and 3663A, the Court determines that restitution would be inappropriate in this case. At present, the parties are unaware of any identifiable victims.

5. Applicability of the Sentencing Guidelines and Recommended Sentence

The Parties fully and completely understand that this Plea Agreement is submitted to the Court pursuant to Federal Rule of Criminal Procedure 11(c)(1)(C). The Parties agree that Chapter 8 of the United States Sentencing Guidelines Manual governs this case with regard to any payment of restitution, community service, and probation. Regarding determinations of an appropriate fine, however, pursuant to the Commentary to U.S.S.G. § 8C2.1, the provisions of § 8C2.2 and § 8C2.9 do not apply to counts for which the applicable guideline offense level is determined under Chapter Two, Part Q (Offenses Involving the Environment). For such cases, § 8C2.10 (Determining the Fine for Other Counts) is applicable. U.S.S.G. § 8C2.10, in turn, directs the Court to apply the provisions of Title 18, United States Code, §§ 3553, 3572 to determine the appropriate fine.

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6. Withdrawal of Plea Agreement

Should the Defendant's guilty plea not be accepted by the Court for any reason, this agreement shall be null and void. In such an event, the Defendant hereby waives any defense to any charges in these charging Instruments which might otherwise have been available under any statute of limitations, the Speedy Trial Act, or any common law, equitable, or Constitutional claim involving pre-indictment delay.


7. Sentencing - Fine and Community Service

The Defendant shall pay a total aggregate criminal fine in the amount of One Million, Two Hundred Thousand U.S. Dollars (\$1,200,000.00). The Parties agree that \$1,200,000.00 is an appropriate aggregate fine pursuant to Title 18, United States Code, Sections 3571(c) and (d).

The Defendant shall pay, on the day of sentencing, a special assessment of \$800.00, according to 18 U.S.C. § 3013(a)(2)(B).

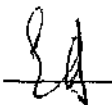
The Defendant shall also make an organizational community service payment in the total amount of Three Hundred Thousand U.S. Dollars (\$300,000.00), pursuant to 18 U.S.C. § 3553(a), payable at sentencing as part of the overall fine in this matter. The Parties agree that \$300,000.00 is an appropriate community service project amount and that the Court will order that the Defendant fund the project pursuant to the terms of this Agreement. This joint recommendation is made pursuant to the Organizational Community Service Provisions which appear at the Sentencing Guidelines' Community Service provisions at § 5B1.3 and § 8B1.3.

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The Parties agree and recommend that the Court, as part of the overall fine in this matter, order a community service project in the amount of \$300,000 payable to the National Fish and Wildlife Foundation, Special Funds Program Management and Fiduciary Services for Settlement Accounts (hereinafter the "Foundation"). The Foundation is a charitable and nonprofit corporation established pursuant to 16 U.S.C. §§ 3701-09. Its purposes include the acceptance and administration of "private gifts of property for the benefit of, or in connection with, the activities and services of the United States Fish and Wildlife Service," and the performance of "such other activities as will further the conservation and management of the fish, wildlife, and plant resources of the United States, and its territories and possessions for present and future generations of Americans." *Id.* at 3701(b)(1),(2). The Foundation is empowered to "do any and all acts necessary and proper to carry out" these purposes, including, specifically, solicitation, acceptance, and administration of "any gift, devise or bequest . . . of real or personal property." *Id.* at 3703(c)(1),(7). The Foundation will be responsible for all administrative, communications and fiduciary services required to implement a targeted ecological improvement grant investment program. The Foundation will coordinate with public and private marine and aquatic conservation initiatives in the Southern District of Texas and will utilize the community service funds to fund projects that will help to protect and enhance the maritime environment, and that may include creating coastal wetlands and upland buffers, enhancing rivers and riparian corridors that support the Southern District of Texas' endangered and

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threatened species habitats and improving coastal national wildlife refuges. The receipt, management and expenditure of these funds shall be accounted for to Congress in annual reports required by 16 U.S.C. § 3706(b).

8. Sentencing - Terms of Probation

The defendant will be placed on a term of probation of thirty-six (36) months in accordance with Title 18, United States Code, Section 3553(a), 3561, and 3562. The period of probation shall include as a condition of probation the implementation of an Environmental Compliance Plan ("hereinafter "ECP") as agreed to in Attachment A.

As part of this Plea Agreement, the Defendant understands and admits to the relevant conduct described in the Joint Statement of Facts attached to this Plea Agreement. The Parties agree that said facts, as set forth in the Joint Statement of Facts, are accurate and provide an adequate factual basis to support the Defendant's plea of guilty to Counts One and Two of the Information.

9. Early Termination of Probation

After serving thirty (30) months of probation and fully implementing the ECP as set forth above, the Defendant may move the court for early termination of the probation as provided in 18 U.S.C. § 3564(c). The United States reserves the right to respond to any such motion.

10. Reservation of Allocation

The Parties reserve their full rights of allocation for purposes of sentencing in this matter, subject to the terms of this Plea Agreement. The parties also reserve their

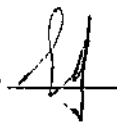
Defendant's Initials *MA*

rights to inform the presentence report writer and the Court of any relevant facts, to dispute any factual inaccuracies in the presentence report, and to contest any matters not provided for in this Plea Agreement.

11. Application of the Agreement

This Agreement shall bind the Defendant, all successors-in-interest, if applicable, and all successors and assigns. This Agreement shall apply to all vessels which the Defendant, owns, operates, mans, and all vessels owned, manned or operated by the Defendant during the period of probation that call or may call at ports or places in the United States. The Defendant shall provide to the Environmental Crimes Section with immediate notice of the following: any corporate name changes; any purchase or sale of vessels that call or may call at any port or place in the United States; any purchase, sale or reorganization of the ship management companies, or any other change impacting upon or affecting this Agreement and the Environmental Compliance Plan (ECP). No change in name, corporate or individual control, business reorganization, change in ownership, merger, change in legal status, sale or purchase of assets, or similar action shall alter the Defendant's responsibilities under this Plea Agreement. The Defendant understands and agrees that it shall not engage in any action to seek to avoid the obligations and conditions set forth in this Plea Agreement.

Defendant's Initials

A handwritten signature in black ink, appearing to be the initials 'SJ', written over a horizontal line.

12. The Corporate Defendant

The undersigned corporate officer of the Defendant hereby certifies that he is authorized by the Defendant corporation to act on its behalf, to plead guilty to the charges alleged in Counts One and Two of the Information, and to enter into this Plea Agreement, and that a corporate resolution so empowering said officer or representative has been duly made and approved by said corporation. The Defendant agrees to provide a copy of the corporate resolution to the Government prior to entering its guilty plea. Said Defendant corporation either has implemented, or will implement, an effective program to prevent and detect violations of law, which program shall require the exercise of due diligence, requiring at a minimum that the corporation take the steps set forth in USSG §8B2.1. The Defendant corporation further agrees that such a program may be made a special condition of probation.

B. Standard Terms and Conditions

1. Defendant's Waiver of Right to Appeal and Right to Collaterally Challenge the Sentence

The Defendant represents to the Court that it is satisfied that its attorney has rendered effective assistance. The Defendant understands that by pleading guilty in this case, it agrees to waive certain rights afforded by the Constitution of the United States, by statute, or both, including but not limited to: the right to plead not guilty; and the right to a jury trial. At a jury trial, the Defendant would have the right to be represented by counsel, to confront and cross-examine witnesses against it, to compel

Defendant's Initials SA

witnesses to appear and testify, to present other evidence in his behalf and to decide whether to testify. The Defendant would further have the right to have the jury instructed that it is presumed innocent until proven guilty, and that the burden will be on the United States to prove the Defendant's guilt beyond a reasonable doubt. If the Defendant were found guilty after a trial, it would have the right to appeal the conviction.

The Defendant, through its authorized representative, is aware that 18 U.S.C. § 3742 gives the right to appeal the sentence to be imposed, and that other federal statutes give a Defendant the right to appeal other aspects of the conviction. In consideration of the Agreement with the United States as set forth herein, the Defendant knowingly and voluntarily agrees to waive the following rights: (a) the right, conferred by 18 U.S.C. § 3742, to appeal any sentence imposed by the Court for the conviction of these offenses, including restitution and community service; (b) the right to appeal any aspect of Defendant's conviction, including any pre-charge or pre-trial dispositions of motions or other issues; and (c) the right to bring any collateral attack against Defendant's conviction or sentence, except as it may relate to the effectiveness of legal representation.

2. Prosecution by Other Agencies/Jurisdictions

If the Court accepts this Plea Agreement, the United States Attorney's Office for the Southern District of Texas and the Environmental Crimes Section of the United States Department of Justice agree not to charge the Defendant, or any affiliated or

Defendant's Initials



subsidiary company, with committing any other federal criminal offenses known to the United States Attorney's Office and the Environmental Crimes Section of the United States Department of Justice at the time of the execution of this agreement, related to the conduct giving rise to this Plea Agreement. The Defendant understands that this Plea Agreement affects only criminal charges and shall not be construed, in whole or in any part, as a waiver, settlement, or compromise of any remedies available to the United States, or any other civil or administrative remedies, including suspension and debarment, available to the United States by law. In the event that any other local, state or federal enforcement agency investigates conduct related to this Plea Agreement, the Environmental Crimes Section agrees to advise said agency of the terms of this agreement and the nature and extent of the Defendant's cooperation under this agreement.


3. Filing of Agreement

This agreement shall be presented to the Court, in open court or in camera, in whole or in part, upon a showing of good cause, and filed in this cause, at the time of Defendant's entry of a plea of guilty pursuant hereto.

4. Voluntariness

The Defendant, through its authorized representative, acknowledges that it has entered into this Plea Agreement freely and voluntarily and it has been fully advised by counsel, and that no threats or promises were made to induce it to enter the guilty plea called for by this Plea Agreement.

Defendant's Initials



5. Factual Basis

The Defendant is pleading guilty because the Defendant is in fact guilty. The Defendant certifies that Defendant does hereby admit that the facts set forth in the attached "Factual Basis," which is incorporated herein by reference, are true, and were this case to go to trial, the United States would be able to prove those specific facts and others beyond a reasonable doubt.

6. Termination of Agreement

The parties agree that this Plea Agreement was negotiated and agreed upon pursuant to Federal Rule of Criminal Procedure 11(c)(1)(C). Should the Court refuse to accept this Plea Agreement for any reason, the entire agreement shall become null and void.

7. Entire Agreement

This Agreement is the complete and only agreement between the Parties. No promises, agreements or conditions have been entered into other than those set forth in this Agreement. This Agreement supersedes prior understandings, whether written or oral. This Agreement cannot be modified other than in a written memorandum signed by the parties or on the record in court.

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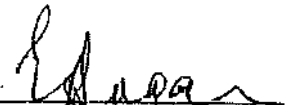
Defendant's Initials



8. Certification

The Defendant and Defendant's counsel certify that this Plea Agreement has been read in its entirety by (or has been read to) the Defendant and that Defendant fully understands its terms.

DATED this 11 day of January, 2008.




Enrico Bogazzi, Managing Director
Authorized Representative of
B.Navi Ship Management
Services, s.r.l.

APPROVED:

DONALD J. DeGABRIELLE, JR.
United States Attorney
United States Attorney

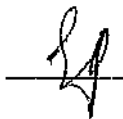
Enrico Bogazzi, Managing Director
Authorized Representative of
B.Navi Ship Management
Services, s.r.l.

HOWARD P. STEWART
Senior Litigation Counsel
Environmental Crimes Section
United States Department of Justice
JAMES B. NELSON
Trial Attorney
Environmental Crimes Section Defendant
United States Department of Justice



MICHAEL G. CHALOS
Attorney for Defendant B.Navi
Ship Management Services, s.r.l.

Defendant's Initials



I, Michael G. Chalos, have explained to the Defendant B.Navi Ship Management s.r.l. their rights with respect to the pending Information. I have informed the Defendant that the Sentencing Guidelines and Policy Statement have been deemed as "advisory" to the court pursuant to the Booker decision. Further, I have reviewed the provisions of the Sentencing Guidelines and Policy Statements and I have fully explained to the Defendant the provisions of those guidelines which may apply in the case. I have carefully reviewed every part of the plea agreement with the Defendant. To my knowledge, the Defendant's decision to enter into this agreement is an informed and voluntary one.

Dated: January 11, 2008



MICHAEL G. CHALOS, Esq.
Counsel for the Defendant
B. Navi Ship Management
Services, s.r.l.

Defendant's Initials

