Preferential Berthing Agreement

THIS PREFERENTIAL BERTHING AGREEMENT (the "Agreement") is made as of this ___ day of ___Merch,___ 2019, by and among the Port of Seattle ("Port"), on the one hand, and Holland America Line N.V. in its capacity as general partner of Cruiseport Curacao C.V. ("HAL"), Princess Cruise Lines, Ltd., a Bermuda corporation ("PCL"), and Carnival Cruise Line, a division of Carnival Corporation, a Panama corporation ("CCL"), (HAL, PCL, and CCL collectively hereinafter referred to as the "Carnival Lines").

WHEREAS, the Port is the owner of a two-berth cruise facility located at its Terminal 91 (the "Smith Cove Cruise Terminal") and a single berth cruise facility located at its Terminal 66 (the "Bell Street Cruise Terminal"); and

WHEREAS, the Carnival Lines wish to secure, and the Port is willing to grant, the preferential right to operate from and berth their vessels at the Smith Cove Cruise Terminal for a period of up to five (5) years;

NOW THEREFORE, in consideration of the mutual premises set forth, the parties agree as follows:

1. **Term.** This Agreement shall, unless earlier terminated pursuant to any provision hereof, be effective for the 2019 through 2021 cruise seasons (the "Term"). For the Smith Cove Cruise Terminal, the typical cruise season runs from early-to-mid April through mid-to-late October. If the Carnival Lines are in compliance with the terms and conditions of this Agreement and subject to Section 2.5 below, the Carnival Lines shall have two (2) one (1) year options to extend the Term through the 2022 cruise season for one (1) or two (2) berths as described in Section 2.5, and through the 2023 cruise season, respectively. In the event the Carnival Lines wish to extend the Term through the 2022 cruise season, the Carnival Lines shall provide the Port with written notice of the Carnival Lines' intent to exercise such option between July 1, 2020 and November 1, 2020. In the event the Carnival Lines wish to extend the Term through the 2023 cruise, the Carnival Lines shall provide the Port with written notice of the Carnival Lines' intent to exercise such option between July 1, 2021 and November 1, 2021. For the avoidance of doubt, failure by the Carnival Lines to exercise the first option shall cause the second option to immediately lapse.

2. **Preferential Berthing Rights.**

   2.1 **Cruise Berth Days.** The Smith Cove Cruise Terminal has two berths. Each of those two berths is available for use Sunday through Saturday, April through October. Unless otherwise specifically agreed, only one cruise vessel may utilize each berth on any day. As used herein, each day of the week during the cruise season for each cruise berth at the Smith Cove Cruise Terminal is referred to as a "Cruise Berth Day." (In other words, each Sunday during the cruise season for a particular berth is considered a Cruise Berth Day; each Monday during the cruise season for a particular berth is considered a Cruise Berth Day; etc.)

   2.2 **Guaranteed Berthing Preference.** For each cruise season during the Term, Carnival Lines shall have a guaranteed berthing preference for each Cruise Berth Day utilized by the Carnival Lines during the prior cruise season at the Smith Cove Cruise Terminal. For the avoidance of doubt, based on 2018 usage, during the 2019 Alaska Cruise Season, HAL will have a berthing preference for one berth on Saturday, Sunday and Monday, and PCL will have a berthing preference for one berth on Saturday and Sunday. CCL will have berthing preference for one berth on Tuesday.
2.3 **Port of Call Vessels.** The Port shall, without the necessity of providing the Carnival Lines the right of first refusal, have the ability to schedule individual port of call vessels on any calendar day not otherwise committed to the Carnival Lines under Section 2.2.

2.4 **Bell Street Cruise Terminal.** For the avoidance of doubt, the Carnival Lines shall have no preferential berthing rights at the Bell Street Cruise Terminal. Notwithstanding, the Carnival Lines or any Affiliated Lines may schedule vessel calls at the Bell Street Cruise Terminal by agreement with the terminal operator.

2.5 **Optional Berths.** The Carnival Lines’ right to exercise the options to extend the Term as described in Section 1 shall be limited by the number of berths contractually obligated between Carnival Lines and the Port of Seattle, such that Carnival Lines shall have only two Port of Seattle berths, wherever located. If the Carnival Lines have an agreement for a cruise berth with the Port of Seattle at a location other than Smith Cove Cruise Terminal, such option to extend the Term of this Agreement shall be limited to a single berth. If the Carnival Lines have an agreement for two cruise berths with the Port of Seattle at a location or locations other than Smith Cove Cruise Terminal, the extensions described in Section 1 shall immediately lapse.

3. **Port’s Operation and Maintenance of Terminal.**

3.1 **General Standard.** The Port shall throughout the Term, ensure that the Smith Cove Cruise Terminal and ancillary port facilities are maintained and operated consistent with good maritime practices and industry standards for a functional cruise ship terminal and otherwise as necessary to ensure that the Smith Cove Cruise Terminal is able to be utilized by the Carnival Lines for its intended purpose.

3.2 **Parking and Busing.** All costs for transporting people and baggage between the designated passenger vehicle parking area, Ride Share based hub location on terminal in support of the Smith Cove Cruise Terminal and the passenger terminal building at the Smith Cove Cruise Terminal and all operating costs and equipment related to the parking area and shuttle system, including any additional or unforeseen labor expenses, shall be the responsibility of the cruise terminal operator at Smith Cove Cruise Terminal. The Port may collect a vehicle parking fee from the cruise passengers who use the secure parking area which supports the Smith Cove Cruise Terminal based on a per day charge for the length of time they are away on their cruise.

3.3 The Port reserves the right of secondary use of all or any part of the Smith Cove Cruise Terminal for berthing of vessels operated by companies, other than the Carnival Lines, for loading and discharging cargoes of such vessels, for transporting cargo, and for cargo storage and operations incidental thereto, provided that such secondary use of the Smith Cove Cruise Terminal by the Port shall not unreasonably interfere with the Carnival Lines’ operations as authorized in this Agreement. In the event of such secondary use by the Port, all applicable charges shall accrue to the benefit of and shall be billed and retained by the Port.

4. **Port Fees.**

4.1 **Bundled Fees.**
4.1.1 **General Rule.** For the Term, the Port agrees that it will continue to "bundle" its fees associated with the use of the Smith Cove Cruise Terminal and express them on a per-passenger basis as currently set forth in Port of Seattle Marine Terminals Tariff No. 5. The bundled per-passenger fee consists solely of the: (i) Passenger Fee (as defined below), (ii) Dockage Fee (as defined below), (iii) baseline security fees, (iv) fresh water connection fee and (v) fire department fee for bunkering permit. As in previous cruise seasons, variable fees dependent on use (for example, water use or extra security) or delay are excluded from the bundled fee and will be billed separately based on actual quantity/time used and rates then in effect.

4.1.2 **No New Fees.** Except as may otherwise be agreed by the parties, the Port agrees that, for the Term of the Agreement, neither it nor its cruise terminal operator at Smith Cove Cruise terminal will charge any new port fees or assessments other than: (i) those described in Section 4.2 below; (ii) those mandated by federal, state, or other local governmental entities; and (iii) reimbursable costs associated with new or additional services requested by the Carnival Lines. Notwithstanding the foregoing, the Port may at any time (and without the consent of the Carnival Lines) elect to discontinue its assessment and/or collection of any of the fees otherwise eligible for inclusion in the bundled fee.

4.2 **Future Capital Investment.** Notwithstanding Section 4.1.2, the Port shall be entitled to impose reasonable additional surcharges on the Carnival Lines associated with the cost of any improvements that are made to the Smith Cove Cruise Terminal during the Term of the Agreement. The Carnival Lines may provide recommendations or suggestions regarding future capital improvement projects.

4.3 **Limitations on Cost Escalation.**

4.3.1 **Passenger Fee; Dockage Fee**

4.3.1.1 For the first one hundred fifty five thousand five hundred fifty (155,550) passengers booked by the Carnival Lines for the 2019 cruise season, the passenger fee component of the bundled fee (the "Passenger Fee"), and the dockage fee component of the bundled fee ("Dockage Fee") shall be equal to the Passenger Fee and Dockage Fee charged by the Port to the Carnival Lines on passenger bookings for the 2018 cruise season plus five percent (5%);

4.3.1.2 For all additional passengers above one hundred fifty five thousand five hundred fifty (155,550) booked by the Carnival Lines for the 2019 cruise season, the Passenger Fee and Dockage Fee shall be that described in the published tariff for the 2018 cruise season;

4.3.1.3 For all passengers booked by the Carnival Lines for the 2020 cruise season, the Passenger Fee and Dockage Fee shall be that described in the published tariff for the 2018 cruise season plus fifteen percent (15%);

4.3.1.4 For all passengers booked by the Carnival Lines for the 2021 cruise season, the Passenger Fee and Dockage Fee shall be that applicable to passenger bookings made for the 2020 cruise season plus seven percent (7%); and
4.3.1.5 Should the Carnival Lines exercise one or both of the options described in Section 1 above, the Passenger Fee and Dockage Fee that shall apply during the period(s) of the extended Term shall be plus five percent (5%) per annum increase over the Passenger Fee and Dockage Fee applicable to passenger bookings made for the 2021 and 2022 cruise season respectively.

4.4 Other Components in the Bundled Fee.

4.4.1 Baseline Security Fee. Any increases in this fee will be limited to actual documented increases in the third-party cost of providing this service. To the extent that there is any current markup imposed on this fee, the Port and/or its cruise terminal operator may continue to charge and collect such markup (specifically including on any allowable increase) but will not increase or otherwise change the methodology for calculating such markup.

4.4.3 DOE Memorandum of Understanding Program Fee. Any increases in this fee will be limited to those assessed by the Department of Ecology. The Port has advised the Carnival Lines that the Department of Ecology may elect to bill this fee directly to the Carnival Lines, in which event it would no longer be assessed by the Port as part of the bundled fee.

4.4.4 Fire Department Fee for Bunkering Permit. Any increases in this fee will be limited to those assessed by the Seattle Fire Department.

4.5 Other Items. Reimbursable items not included in the bundled fee under Section 4.1.1 will continue to be charged in a manner consistent with the 2019 cruise season for the Term of the Agreement but at rates then in effect for such items.


5.1 Basic Guarantee. The Carnival Lines agree that in each cruise season for the Term of the Agreement they will guarantee a combined minimum of 500,000 revenue passengers per year across the Smith Cove Cruise Terminal, the Bell Street Cruise Terminal, and any future Port of Seattle cruise terminal (the "Basic Guarantee"). For purposes of meeting the Basic Guarantee, (i) revenue passengers from both home port and port of call vessels will be counted and each revenue passenger will be counted; and (ii) revenue passengers from calls by vessels operated by Affiliated Lines will be counted, each time the bundled per-passenger fee is paid for such revenue passenger. For purposes of the Agreement, port of call vessels include both vessels making an in-transit call at the Smith Cove Cruise Terminal, the Bell Street Cruise Terminal, or any future Port of Seattle cruise terminal, and those vessels which, although not home ported in Seattle, make one or more
turnaround calls at the Smith Cove Cruise Terminal, the Bell Street Cruise Terminal, or any future Port of Seattle cruise terminal. The reconciled number of revenue passengers for whom the bundled per-passenger fee is paid will be used for purposes of determining whether the Basic Guarantee has been met.

5.2 Shortfall in Revenue Passengers Under the Basic Guarantee. In the event that the Carnival Lines (together with the Affiliated Lines) fail to bring a combined minimum of 500,000 revenue passengers for any cruise season, the Carnival Lines shall make good on the shortfall at a rate equal to the bundled fee payable under this Agreement for the calendar year in which it was to be paid. The shortfall amount, if any, is due no later than December 31 of the year the shortfall occurs.

6. Environmental Stewardship. The Carnival Lines have worked closely with the Port of Seattle, and partners like Washington Department of Ecology, and Puget Sound Clean Air Agency to reduce environmental impacts of cruise ship operations, including installation of shore-side electrical power, equipping of ships for shore-side electrical power, and installation and operation of advanced wastewater treatment systems. With this collaborative effort a strong partnership has evolved as the cruise industry has grown in Seattle. The Port and Carnival Lines will work together to resolve environmental issues as they arise; this will further grow the business relationship. Through this continued partnership and as part of this Agreement, the Carnival Lines will give due consideration to environmental stewardship, including a commitment to provide the Port with necessary data, during the cruise season, as requested as well as providing a summary following each cruise season over the term of this Agreement, for tracking, reporting and communicating environmental progress. Carnival Lines will provide a weekly record of the vessels that plugged into shore power, and the report will be provided to the Port every week during the term of the Agreement. Additionally, the Carnival Lines will support the elements listed below:

6.1 Cruise MOA. The Carnival Lines will continue to comply with the April 20, 2004 memorandum of understanding (MOU) (as currently amended and as may be amended by mutual consent in the future) between Washington Department of Ecology, Cruise Lines International Association-Northwest and Canada and Port of Seattle, concerning water quality, and vessel discharge management practices. Carnival Lines will continue to provide information for and participate in annual review of the MOU and seek consensus on modifications needed to the MOU during this process.

6.2 Emissions Control Area Compliance. The Carnival Lines will connect all home-ported ships to shore-side electrical power when available. On an annual basis the Carnival Lines will meet with the Port of Seattle environmental staff to evaluate home-porting operations and strategies to increase the use of shore power toward a goal of achieving 100-percent use per shore-power capable call. If ships are not equipped to use shore power, ships must use Emission Control Area (ECA) compliant low sulfur fuel or use the equivalent exhaust gas cleaning system while at the Smith Cove Cruise Terminal. These requirements are subject to reasonable modification in the future.

The Port may, at its option, for purposes of internal and external air quality and emission program planning, tracking, and communications, obtain from the vessel captain, owners or its representatives information about the methods by which ships achieve ECA compliance, (compliance as managed by USCG) about exhaust gas scrubber operations and fuel use while inside ECA, and about the use of shore power at berth. Information provided will help inform the Northwest Ports Clean Air Strategy, regional and Port emission inventory updates, and implementation of Port of Seattle’s Century Agenda and greenhouse gas emission reduction goals.
6.3 **Air Quality and Greenhouse Gas Emissions.** On at least an annual basis, the Carnival Lines will participate, with Port of Seattle and partners, in evaluating, planning and/or developing strategies to reduce emissions from ocean going vessels in accordance with the Northwest Ports Clean Air Strategy and in support of Port of Seattle's Century Agenda and greenhouse gas emission reduction goals:

Scope 1 emissions, which are direct greenhouse gas emissions from Port owned or controlled sources, shall be:

- 15 percent below 2005 levels by 2020.
- 50 percent below 2005 levels by 2030.
- Carbon neutral by 2050.

Scope 3 emissions are emissions the Port has influence over, not direct control. The new Port-wide goals for scope 3 emissions shall be:

- 50 percent below 2007 levels by 2030.
- 80 percent below 2007 levels by 2050.

6.4 **Sustainability Partnerships.** In support of shared sustainability goals and strategies (e.g. air quality, water quality, waste management, energy efficiency) and for transportation, such as motor coach operations and as part of the annual planning for shore-side transportation operations, the Carnival Lines will seek to minimize air emissions in considering options such as use of newer buses and engines, alternative fuels, advanced pollution control device retrofits and anti-idling programs. The Carnival Lines will work with Port of Seattle and partners, on at least an annual basis, to identify joint sustainability opportunities, projects, and programs. Where feasible and when agreed upon, the Carnival Lines will work with Ports and partners to develop implementation plans, schedules, and joint communication strategies which may include an option for partnership-funding mechanisms.

7. **Force Majeure.**

7.1 **Performance Excused.** Notwithstanding any language that may be construed to the contrary herein, the Carnival Lines will not have to satisfy the Basic Guarantee or any of its other obligations if an event of Force Majeure (as defined below) occurs. Likewise, the Port will not have to satisfy its obligations under this Agreement if an event of Force Majeure (as defined below) occurs. The party claiming Force Majeure must promptly give the other party notice of such event of Force Majeure.

7.2 **Definition.** As used in this Agreement, the term “Force Majeure” means events beyond the reasonable control of a party the consequence of which is that the party is unable to satisfy its obligations under the Agreement, which events include, but are not limited to, the following: acts of God including, without limitation, fire, a severe storm or an earthquake; labor unrest; changes in governmental laws, rules, policies or regulations that significantly interfere with vessel or terminal operations including the Passenger Vessel Services Act or similar or successor legislation; damage to a vessel or other circumstances that preclude a vessel from operating in the normal course; damage to the Smith Cove Cruise Terminal or other circumstances that preclude the Smith Cove Cruise Terminal from operating in the normal course; embargo on passengers by Canada; blockade of U.S. vessels impeding the ability to operate in the Alaska market; or an order, act, or restriction imposed by any civil or military authority affecting operations
at the Port, of the vessels, or in the Alaska market. Force Majeure also includes acts of war or acts of terrorism that affect the ability to operate at the Smith Cove Cruise Terminal or in the Alaska market and riots or insurrections at or near the Smith Cove Cruise Terminal or the Carnival Lines’ Alaska terminals.

7.3 Reduction in Basic Guarantee. Notwithstanding the foregoing, the Basic Guarantee for the period during which the event of Force Majeure is continuing shall be reduced in a fair and equitable manner taking into account the extent of the impact of the event of Force Majeure on the Carnival Lines’ operations at the Smith Cove Cruise Terminal, the Bell Street Cruise Terminal, or any future Port of Seattle cruise terminal. The Carnival Lines shall not be entitled to any New Business Incentive during any period of time for which it is excused from meeting the Basic Guarantee (unless, notwithstanding the event of Force Majeure, the Carnival Lines meet the Basic Guarantee).

7.4 Recognition of Long-Term Planning. The parties acknowledge that the Carnival Lines’ itineraries need to be published sufficiently in advance of the actual cruise season (generally more than one year) to enable the Carnival Lines to market the cruises and otherwise make appropriate arrangements with ports-of-call and otherwise. Accordingly, if an event of Force Majeure occurs and is continuing and may have a duration that extends into a subsequent cruise season, the Carnival Lines may, at such time as they must finalize itineraries for the subsequent cruise season, notify the Port that they will need to cancel all or part of the calls for that season, in which event the Basic Guarantee will not be applicable to that season.

8. Damage, Destruction or Condemnation. Should any part of the Smith Cove Cruise Terminal necessary for the operation of the Smith Cove Cruise Terminal be either (i) damaged or destroyed by fire or other casualty such that it cannot, with due diligence, be repaired within one sixty (60) days of the occurrence to an extent necessary to enable the Carnival Lines to utilize the Smith Cove Cruise Terminal for its intended purpose, or (ii) taken by condemnation by any federal, state or other local governmental entity such that the remainder of the Smith Cove Cruise Terminal cannot, with due diligence, be modified within sixty (60) days after the effective date of the condemnation so as to enable the Carnival Lines to utilize the Smith Cove Cruise Terminal for its intended purpose, the Port shall have the option to terminate this Agreement and, in that event, neither party shall be obligated to pay any amount for termination. The Port shall provide its written notice of termination not more than ninety (90) days after the occurrence giving rise to the right to terminate. If the Port elects to continue this Agreement notwithstanding such occurrence, it shall proceed with due diligence to complete any work necessary to restore or repair the Smith Cove Cruise Terminal to meet its obligations under this Agreement, but both parties shall be excused, as an event of Force Majeure, from satisfying their obligations, including, in the case of the Carnival Lines, their obligation to satisfy the Basic Guarantee, for the period from the date of the damage, destruction or condemnation until the completion of the restoration and repair.

9. Termination for Default. If a party shall default in its obligations under this Agreement and shall fail to cure the default within fifteen (15) days after notice from the non-defaulting party (unless the default is not curable, in which event there shall be no requirement of notice or cure period), the non-defaulting party may, by notice to the defaulting party, terminate this Agreement. The termination of this Agreement shall not terminate the liabilities and obligations of the parties already accrued as at termination.

10. Defaults. Except as otherwise expressly provided above, in the event a party shall default in
its obligations under the Agreement, the other party shall have all rights and remedies available to it at law or in equity.

11. Other Benefited Parties.

11.1 Affiliated Lines. The Carnival Lines are owned by, or under the direct control of, Carnival Corporation and/or Carnival plc. The parties specifically agree that the Carnival Lines may satisfy their obligations under this Agreement through vessels owned by: (i) CCL, PCL or HAL, and/or (ii) any other operating line(s) owned by Carnival Corporation and/or Carnival plc (the "Affiliated Lines"). Likewise, the Affiliated Lines shall, when making use of the Smith Cove Cruise Terminal, be entitled to any benefits hereunder, and any revenue passengers provided by such Affiliated Lines shall specifically apply, as designated by the Carnival Lines under the terms of this Agreement, towards the satisfaction of the Carnival Lines' obligations hereunder, including but not limited to the Carnival Lines' obligations pursuant to the Basic Guarantee.

11.2 No Other Assignment. Except as expressly set forth in Section 11.1, the benefits provided under this Agreement are personal to the Carnival Lines and shall not, in whole or in part, be assigned, licensed or otherwise transferred to any party other than the Carnival Lines. The prohibition against assignment, license or transfer specifically includes a prohibition against any assignment, license or transfer by operation of law.

12. Other Terms.

12.1 Notice. All notices hereunder shall be in writing and shall be delivered personally, by certified or registered mail or by recognized overnight courier addressed as follows:

To the Port:

Port of Seattle
Attention: Manager, Cruise Services
P.O. Box 1209
2711 Alaskan Way
Seattle, WA 98111

With a Copy to:

Port of Seattle
Attention: General Counsel
P.O. Box 1209
2711 Alaskan Way
Seattle, WA 98111

To the Carnival Lines:

Holland America Line N.V.
Princess Cruise Lines, Ltd
Carnival Cruise Lines, a division of Carnival Corporation
450 Third Avenue West, Seattle, WA 98119
Attn: Paul Goodwin, Executive Vice President, Onboard Revenue & Port/Shore Operations

and

With a Copy to:

Legal Department
24305 Town Center Drive
Santa Clarita, CA 91355
Attn: Daniel Howard
Deputy General Counsel
or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices shall be deemed delivered (i) when personally delivered; (ii) on the third day after mailing when sent by certified or registered mail and the postmark affixed by the United States Postal Service shall be conclusive evidence of the date of mailing; (iii) on the first business day after deposit with a recognized overnight courier if deposited in time to permit overnight delivery by such courier as determined by its posted cutoff times for receipt of items for overnight delivery to the recipient.

12.2 Joint and Several Liability. The Carnival Lines shall be jointly and severally liable under this Agreement with respect to any amounts payable under this Agreement. It is understood and agreed that for convenience the term "Carnival Lines" and associated verbs are plural, but each of the companies constituting the Carnival Lines shall have all of the benefits hereunder and shall be entitled to exercise any of the rights hereunder.

12.3 Insurance. The Carnival Lines shall provide the Port evidence of commercial general liability insurance against claims for bodily injury, personal injury and property damage arising out of the tenancy, use, occupancy or maintenance of the Smith Cove Cruise Terminal and all areas appurtenant thereto as defined in this Agreement. The policy shall be written on ISO Form CG 00 01 10 01 (or equivalent) adding the Port as an Additional Insured. Coverage shall be for no less than $1 million per occurrence.

12.3.1 The Carnival Lines shall provide the Port evidence of protection and indemnity insurance against claims for loss of life, injury, illness, property damage, as well as coverage for wreck removal and legal expenses that arise out of the tenancy, use, occupancy or maintenance of the Smith Cove Cruise Terminal and all areas appurtenant thereto as defined in this Agreement. The policy shall be written on Marine Form SP 38, SP 23 or its equivalent for no less than $1 million per occurrence, per vessel. The Port shall be endorsed as an Additional Insured on this policy.

12.3.2 The Carnival Lines are responsible for ensuring that it meets any and all insurance requirements relative to Revised Code of Washington Title 51 Industrial Insurance, and, if applicable, the insurance requirements that pertain to the United States Longshore and Harbor Worker’s Compensation Act and the Jones Act.

12.3.3 The Carnival Lines shall be furnished with an insurance certificate that shows evidence of all required insurance including any deductibles or self-insured retention. No policy of insurance required under this Agreement shall be cancelable or subject to non-renewal or modification except after forty-five (45) days prior written notice to the Port. The Carnival Lines shall at least forty-five (45) days prior to the expiration of such policies, furnish the Port with evidence of renewals or “insurance binders” evidencing renewal thereof, or the Port may order such insurance and charge the cost thereof to the Carnival Lines, which amount shall be payable by the Carnival Lines to the Port upon demand.

12.3.4 Indemnification. The Port, its employees and agents shall not be liable for any injury (including death) to any persons or for damage to any property regardless of how such injury or damage be caused, sustained, or alleged to have been sustained by the Carnival Lines or by others including, but not limited to, all persons directly or indirectly employed by the Carnival
Lines or any agents, contractors, or subcontractors of the Carnival Lines, as a result of any condition (including existing or future defects in the Smith Cove Cruise Terminal) or occurrence (including failure or interruption of utility service) whatsoever related in any way to the Smith Cove Cruise Terminal and the areas adjacent thereto, or related in any way to the Carnival Lines’ use or occupancy of the Smith Cove Cruise Terminal and of areas adjacent thereto. The Carnival Lines agree to defend and to hold and save the Port harmless from all liability or expenses (including attorneys’ fees, costs, and all expenses of litigation) in connection with any such items of actual or alleged injury or damage, except to the extent such injury or damage is caused by the negligence or intentional conduct of the Port. The Carnival Lines expressly agree that their duty to defend and indemnify the Port includes negligent acts which are concurrent, contributory, or both by the Port, resulting in said damage or injury. However to the extent this Agreement is construed to be subject to RCW 4.24.115, and where the injury or damage arises from the concurrent negligence of the Port and the Carnival Lines, the Carnival Lines’ indemnity will only extend to its negligence.

12.4 Captions. The captions in this Agreement are for convenience only and do not in any way limit or amplify the provisions of this Agreement.

12.5 Governing Law: Venue. This Agreement shall be construed under the laws of Washington. Exclusive jurisdiction and venue for any action relating hereto shall be in the state or federal courts located in King County, Washington.

12.6 Attorneys’ Fees. In the event that either party shall be required to bring any action to enforce any of the provisions of this Agreement, or shall be required to defend any action brought by the other party with respect to this Agreement, and in the further event that one party shall substantially prevail in such action, the losing party shall, in addition to all other payments required therein, pay all of the prevailing party’s actual costs in connection with such action, including such sums as the court or courts may adjudge reasonable as attorneys’ fees in the trial court and in any appellate courts.

12.7 Invalidity of Particular Provisions. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.

12.8 Amendments. No modification or amendment of this Agreement shall be valid or effective unless evidenced by an agreement in writing signed by both parties.

12.9 Conflicts or Inconsistencies. In the event the provisions of this Agreement conflict with or are inconsistent with any other Port agreement or Port requirement regarding use of the Smith Cove Cruise Terminal, the provisions of this Agreement shall control.

12.10 Port Management Agreement. With respect to any portion of this Agreement that pertains to Washington State-owned aquatic lands under the Port’s management, this Agreement is specifically subject and subordinate to the terms and conditions of the Port Management Agreement dated November 1, 1997 between the Washington State Department of Natural Resources and the Port
of Seattle, which Port Management Agreement is hereby incorporated by this reference.

12.11 **Security.** Carnival Lines shall, upon execution of this Agreement, obtain and deliver to the Port a good and sufficient corporate surety company bond, irrevocable stand-by letter of credit, or other security equal to THREE MILLION AND NO/100 DOLLARS ($3,000,000.00) (hereinafter referred to as “Security”), to secure the full performance under this Agreement, including the payment of all fees and other amounts no or hereafter payable to the Port hereunder. The amount, form, provisions and nature of the Security, and the identity of the surety or other obligor thereunder, shall at all times be subject to the Port’s approval. The Security shall remain in place at all times throughout the full term of this Agreement. If the Security is in a form that periodically requires renewal, Carnival Lines must renew the Security not less than 45 days before the Security is scheduled to expire. No interest shall be paid on the Security and the Port shall not be required to keep the Security separate from its other accounts. Not trust relationship is created with respect to the Security. The Port may apply all or part of the Security to any unpaid sum due hereunder, or to cure other defaults of Carnival Lines. If the Port uses any part of the Security, Carnival Lines shall restore the Security to its then-currently required amount within fifteen (15) days after the receipt of the Port’s written request to do so. The retention or application of such Security by the Port pursuant to this Section does not constitute a limitation on or waiver of the Port’s right to seek further remedy under law or equity. The Security is a part of the consideration for the execution of this Agreement.

12.12 **ETHICAL STANDARDS AND ANTI-CORRUPTION.** The parties agree to abide by their respective ethical standards and practices.

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PORT OF SEATTLE

By: [Signature]

Stephaniࢄs Jones Stubbins

Off: Managing Director

Merchants Division

HOLLAND AMERICA LINE N.V.
PRINCESS CRUISE LINES, LTD.

By: Paul D. Goodwin

Their: Executive Vice President,
Onboard Revenue & Port/Shore Operations

CARNIVAL CRUISE LINE, a division of
CARNIVAL CORPORATION

By: [Signature]

Off: Senior Vice President