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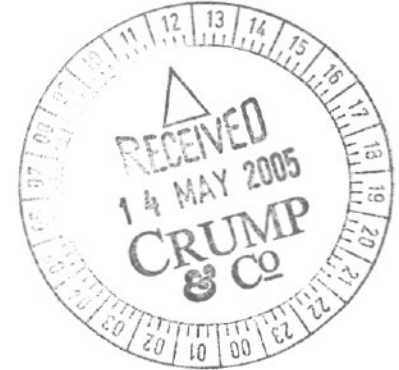
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29 April 2005

Crump & Co
9 fl Asian House
1 Hennessy Road
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Hong Kong

FAO: Chris Potts



Dear Sirs

FIXED COST ARBITRATION PROCEEDURE (FCAP)

I am pleased to announce that with effect from 3 May 2005 Lloyd's is expanding the services provided under Lloyd's Form of Salvage Agreement ("LOF") by introducing a Fixed Cost Arbitration Procedure ("FCAP"), thus continuing LOF's tradition of adapting to meet the needs of its users: salvors, underwriters and property owners alike.

The FCAP has been introduced following indications from the users of LOF that a procedure which limited the costs of obtaining an award would be welcome, in particular in cases where the amount of the salvaged fund is small or where no point of law arises and the facts are uncomplicated.

After holding discussions with representatives from all sectors of the international maritime community, Belinda Bucknall, QC, a member of Lloyd's Panel of Arbitrators, was appointed to produce guidelines for a fixed cost, documents-only arbitration procedure. These guidelines have now been presented to the Lloyd's Salvage Group, which consists of representatives from *inter alia*, the International Salvage Union, the International Group of P & I Clubs, the Lloyd's Market Association, the International Underwriters Association, the Admiralty Solicitors' Group, and various owners' groups, and have been welcomed by all concerned.

The main principles of the guidelines are as follows:-

1. In assessing cases which are suitable for FCAP, the arbitrators will take into account the amount of security demanded by salvors. Where the security demand is less than USD1,000,000, then the case will usually be appropriate for a hearing on documents alone. However, the documents only-procedure will not be restricted to such cases.
2. Where the FCAP is ordered, the arbitrator will expect the parties to prepare a joint bundle, not exceeding 50 pages, comprising documents, statements, and any agreed statement of facts which they wish the arbitrator to take into consideration.

3. Pursuant to the timetable fixed by the arbitrator the contractors and respondents will serve submissions not exceeding 4,000 words to the arbitrator.
4. Where there is more than one respondent, they will co-operate with each other to the fullest possible extent, with a view to avoiding duplication of submissions.
5. Within three weeks from the date of receipt of final submissions, the arbitrator will end his or her award to the Salvage Arbitration Branch of Lloyd's.
6. The fees of the arbitrator, the charges of the Salvage Arbitration Branch of Lloyd's and the party and party costs shall not exceed the fixed amounts as published by Lloyd's. These are:


(1)	Arbitrator	£3,000.00
(2)	Salvage Arbitration Branch of Lloyd's	£1,000.00
(3)	Party and party costs (excluding the costs referred to in 1 and 2 above)	£10,000.00

7. A party in whose favour an order for costs is made, shall have its recoverable costs capped at £10,000, excluding the Arbitrator and SAB's costs plus any other costs not within the scope of the FCAP.
8. Any Award published in accordance with FCAP will, of course, fall under the Appeal Provisions contained in Lloyd's Form of Salvage Agreement and any such Appeal will usually be conducted on a documents-only basis with fixed costs. The costs of appeal will be:

(1)	Appeal Arbitrator	£3,000.00
(2)	Salvage Arbitration Branch of Lloyd's	£500.00
(3)	Party and party costs (excluding the costs referred to in 1 and 2 above)	£10,000.00

A full copy of the Fixed Cost Arbitration Procedure guidelines can be obtained from this office and will, of course, be available on our web-site, www.lloydsagency.com, from Tuesday 3rd May.

Yours faithfully



Kevin Clarke
 Manager
 Salvage Arbitration Branch
 Agency Department