

**Best & Final Offer of USMX, Ltd.
For an Extension
to the Current Master Contract**

Presented to
International Longshoremen's Assoc., AFL-CIO

September 30, 2009 • Orlando, Florida

TERM OF EXTENSION

October 1, 2009 through September 30, 2012

WAGES

1. Management agrees to withdraw its proposal to defer the wage increase due 10/01/09 until 10/01/10. Therefore, the following wage increases will become effective on 10/01/09:
 - (a) lower tiers - \$1.50/hour*
 - (b) higher tiers - \$1.00/hour*
 - (c) Increase starting base wage rate to \$20/hour, including current employees earning less than \$20/hour, retroactively after ratification
- * Reference current Master Contract, *Article II, Sections 1a & 1b*

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WAGES (cont'd.)

2. Effective 10/01/11, implement \$1.00/hour wage increase to those individuals receiving the top wage rate of \$31/hour as of 9/30/11.
3. For all other employees, increase hourly wages according to the following schedule:
 - On 3rd industry employment anniversary date — 25% of difference between current and top wage
 - On 5th industry employment anniversary date — 50% of difference between current and top wage
 - On 7th industry employment anniversary date — 75% of difference between current and top wage
 - On 9th industry employment anniversary date — 100% of difference between current and top wage

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WAGES (cont'd.)

- A qualified anniversary year prior to 10/01/09 is one in which an employee is credited with at least 1 hour of service
- Thereafter, a qualified anniversary year will be one in which an employee is credited with at least 700 hours of service
- An employee's anniversary date will be based on length of service as of September 30th of the previous contract year
- Individuals eligible under this progression will receive increases in two (2) installments: 50% on 4/01/12, and the remaining 50% on 7/01/12

The tiered wage progression outlined above shall continue in full force and effect in subsequent Master Contracts commencing October 1, 2012.

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CONTAINER ROYALTY CAP

1. Container royalty CAP will be eliminated effective 10/01/09.
2. In consideration for eliminating the CAP, the parties agree that in the first year only, commencing 10/01/09, there shall be no payment of CR1 and CR3 assessments until Carriers have recouped \$42 million
3. Based on current tonnage, it is projected that this obligation will be satisfied by the end of 2009
4. After that, all future CR1 & CR3 assessments will go to the local ILA ports for their use

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CONTAINER ROYALTY 5 (CR5) FUNDING

- Funding will come from new Carrier contributions and use of existing funds
- Administered by a joint board of ILA and USMX Trustees
- Available for ports who may experience shortfalls in funding for local benefit programs (cannot be used for pensions)
- Trustees will establish criteria for application procedures, establishing need, etc.

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CR5 FUNDING (cont'd.)

- Additional 25¢ per ton due to CR4 on 10/01/09 will not be paid to CR4, but will be paid to the new CR5 in two installments:
 - 10¢ per ton in Year 1, and an additional 15¢ per ton in Year 2

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CR5 FUNDING (cont'd.)

- New CR5 fund to be implemented as follows:
 - Year 1: 30¢ from CR4 + 30¢ from CFS = 60¢/ton total (CR4 will now be \$1/ton)
 - Year 2: 45¢ from CR4 + 25¢ from CFS = 70¢/ton total (CR4 will remain at \$1/ton)
 - Year 3: 30¢ from CR4 + 25¢ from CFS + additional 15¢ from Carriers = 70¢/ton total (CR4 will now increase to \$1.15/ton)

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CR5 FUNDING (cont'd.)

- The parties agree that for each year of the extension, the CR5 Fund will distribute to the local ports the same amounts that will be paid in CAP excess for the Contract Year ending 9/30/09, without any need for application
- Any requests for funding above those levels will be subject to the criteria established by the CR5 Fund trustees
- The South Atlantic and West Gulf will receive each year without application an amount from CR5 that will enable them to fund their vacation and holiday plans in accordance with the current letter agreements dated April 6, 2005 and April 12, 2005. This amount will not exceed that which they will receive from the CAP distribution for the contract year ending September 30, 2009.

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PROVISION ON TECHNOLOGY

This provision will be inserted in the extension agreement:

USMX and the ILA will create a standing Technology Committee in accordance with the provisions of *Appendix G* of the Master Contract. Members will be appointed upon execution of the extension agreement.

The Committee is charged with developing a mission statement that will include:

1. Performing an analysis of any economic impact on wages and benefits
2. Performing an additional analysis on how an automated facility or operation may affect any craft jurisdiction

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PROVISION ON TECHNOLOGY (cont'd.)

3. Analyzing possible reassignment, retraining, severance, and/or assignment to the ILA of all employment positions resulting from technological changes in accordance with provisions of *Article X, Section 1* of the Master Contract, after evaluating productivity, tonnage levels and any additional work created by technology

Following completion of this analysis, the parties shall convene for the purpose of negotiating a final resolution of these issues.

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ILA JURISDICTION

- Management reaffirms the ILA's jurisdiction as set forth in *Articles VII, VIII and IX* of the current Master Contract and in particular, that such jurisdiction applies from the point at which the container/cargo comes within the control of ILA-represented bargaining unit members. If necessary, issues arising over interpretation of these Articles will be adjudicated by the Jurisdiction Committee.

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JURISDICTION COMMITTEE PROCEDURE

- Decisions of the Jurisdiction Committee are to be implemented by a port immediately unless the Jurisdiction Committee establishes an alternate time schedule. Decisions of the Jurisdiction Committee are final and binding and shall have the force and effect of an arbitration award that may be enforced in a court of law. In addition, the parties shall establish a procedure to resolve a deadlock of the Jurisdiction Committee by selecting in advance a panel of arbitrators that are mutually acceptable and use the next available arbitrator to resolve the deadlock on a set time schedule. The parties agree that the award is final and binding.

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PORT OF DISCOVERY

Reference *Jurisdiction Committee Letter Agreement of August 10, 2000.*

Management reaffirms the following paragraph from that Letter Agreement:

“That it is necessary to implement a system to monitor compliance of repair of major damage in accordance with the Master Contract. For this purpose, it shall be the responsibility of each port to establish a procedure that will verify that all parties are complying with the provisions of the Master Contract in that port. Each port shall provide to the Jurisdiction Committee the procedure established in that port.”

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All other terms and conditions of the current Master Contract except as modified herein and all current Local Contracts will remain in effect for the term of this extension agreement.

This extension agreement is subject to ratification by the members of USMX and by the members of the ILA covered by the Master Contract.

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**UNITED STATES
MARITIME ALLIANCE, LTD.**

