



Richard P. Hughes, Jr.
President

August 20, 2009

Dear ILA Wage Scale Committee Delegate:

I write to you, as a duly elected ILA Wage Scale Committee delegate, to provide an update as to the status of contract negotiations since our last meeting in February 2009 in Orlando, Florida. I also am compelled to respond to certain erroneous statements made by International Executive Vice President Harold J. Daggett in his August 14, 2009 letter sent to ILA members and the media regarding supposedly "secret negotiations."

As you recall, when our ILA Wage Scale Committee meetings concluded in February, the two sides were far apart in their demands and proposals. The ILA rejected the proposals made by representatives of United States Maritime Alliance (USMX) for concessions. USMX rejected all of the ILA's proposals for full scale bargaining on a new Master Contract. Since USMX declined to appoint its own committees, it was agreed by ILA Wage Scale Committee delegates to adjourn further bargaining on a new contract.

As your International President and Chief Labor Negotiator, I continued to have conversations with USMX Chairman and CEO, James Capo after that date. These conversations which have led to subsequent meetings have been to determine whether the ILA and USMX wanted to have additional bargaining or an extension of the current contract. In his letter, ILA Executive Vice-President Daggett tries to characterize these meetings as "secret negotiations" in violation of my pledge to you, the Wage Scale Committee delegates.

The meetings were not secret. All of my Executive Officers were aware of the fact that conversations were continuing with Mr. Capo after the February 2009 Orlando meeting. No one took the position that the ILA President did not have the authority to meet with Mr. Capo. In early June, I believed there was sufficient movement, to expand the meeting to include some of my top officers. The only International Executive officer that I brought into this meeting was Harold J. Daggett, my second in command. Harold participated and never complained to me that the meeting was being conducted in "secret" or in violation of any pledge. Other officers were later added, and once again, no one objected on those grounds. The officers I invited to the meetings all attended willingly, and I made sure that the crafts of deep sea longshore, clerks and maintenance were fully represented.

Nor did these actions violate any pledge. When we agreed at the Wage Scale Committee meeting in Orlando to adjourn talks for full scale bargaining, there was no suggestion that I would not speak with the principals from USMX. As your International President and Chief Labor Negotiator, I have not only the authority, but also the obligation, to speak with the principals from USMX. This is especially true in these difficult economic times, which affect all of our families. Talks with principals of USMX are necessary – I do not know of any pledge made to ILA Wage Scale Committee delegates not to do this. That I, as your International President, have this authority should come as no surprise. Both of my predecessors, ILA Presidents Teddy Gleason and John Bowers, have exercised this authority in the past.

It is also misleading to call this process hasty. I have been speaking and meeting with James Capo throughout the year. It is also important that you are aware that I informed USMX Chairman, James Capo, and my top International officers from the start, that no contract extension would be entered into without the proposals submitted to the Wage Scale Committee delegates and a vote by the ILA membership. I made this pledge in the spirit of full union democracy. I repeat my pledge to you again.

As you know, all collective bargaining agreements have a number of financial components. It is easy to select one negative element and use that as a basis to conclude that the entire agreement should be rejected as financially suspect. Management has proposed that the wage increase scheduled for October 1, 2009 be deferred until October 1, 2010. Based on the 2008 contract year manhours, this deferral saves management in excess of \$37.6 million. However, management has also proposed removal of the container royalty cap for the life of the extension and changes in the tiered wage as well as a wage increase for top tier wage earners, an increase in the minimum hourly wage to \$20, and a new fringe benefit fund. In summary, as you can readily see, the proposal is not a vehicle for management to save money. In fact, by my calculation, it would increase the actual cost to management by some \$150 million. As you can see, we have more than adequate information to evaluate all of the elements of management's proposal.

I value the trust that you placed in me at the last convention to be your International President and Chief Negotiator. In recognition of that trust, I believe that since this proposal has significant effects on the livelihoods of the membership, it is my duty to present it to you for your consideration. My over 50 years in this great union has taught me that collective strength is what has made the ILA great. When we work together as a team, we can achieve our common goal – a contract that will protect the ILA members and their families. The members we represent deserve no less.

Fraternally,



Richard P. Hughes, Jr.
President

cc: ILA Executive Council
ACD Executive Board
SA&GCD Executive Board