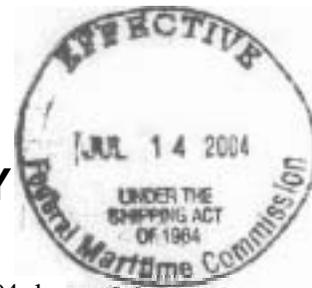


MEMORANDUM OF SETTLEMENT OF LOCAL CONDITIONS IN THE PORT OF NEW YORK AND NEW JERSEY



This MEMORANDUM OF SETTLEMENT entered into this ²⁸ day of June, 2004, by and between NEW YORK SHIPPING ASSOCIATION, INC. ("NYSA"), on behalf of its members, and the INTERNATIONAL LONGSHOREMEN'S ASSOCIATION, AFL-CIO ("ILA"), on behalf of itself and its affiliated locals representing longshoremen, clerks, checkers, maintenance workers and all other craft employees in the Port of New York and New Jersey, settles all local conditions under the various NYSA-ILA collective bargaining agreements on the following basis effective October 1, 2004, except where otherwise provided herein, and together with the Master Contract between the ILA and the UNITED STATES MARITIME ALLIANCE LIMITED ("USMX") that will go into effect on October 1, 2004, establishes for the six year period from October 1, 2004 through and including September 30, 2010, the terms and conditions of employment for all craft workers in the Port of New York and New Jersey covered by NYSA-ILA collective bargaining agreements:

A. PENSIONS

1. The Agreement and Declaration of Trust and Plan of the NYSA-ILA Pension Trust Fund (hereinafter referred to as the "PTF Plan") shall be amended by adding the following provisions:
 - (a) A Participant actively employed in the longshore industry with at least one year of credited service after September 30, 2003 but not receiving any pension benefits from the PTF Plan, who retires on or after October 1, 2004, on a Service Retirement Pension or a Vested Rights Pension shall receive One Hundred Twenty (\$120.00) dollars per month for each year of credited service. Participants who as of September 30, 2004 are receiving pension benefits from the PTF Plan while continuing to be employed in the longshore industry shall not be entitled to any adjustment in their pension benefits for service prior to October 1, 2004, but if they continue to be employed in the longshore industry after October 1, 2004, they will accrue additional pension benefits of One Hundred Twenty (\$120.00) dollars per month for each year of credited service after September 30, 2004.
 - (b) A Participant with at least one year of credited service after September 30, 2003, who files for a Disability Pension on or after October 1, 2004, shall receive \$90.00 per month for each year of credited service, if such Participant satisfies the credited service and other requirements for a Disability Pension currently in effect in the PTF Plan, and when such Participant attains age sixty (60), such Participant thereafter shall receive One Hundred Twenty (\$120.00) dollars per month for each year of credited service that the Participant had earned prior to his retirement on a Disability Pension.
 - (c) Any person who is not a Participant as of September 30, 2004 and who has been hired for employment in the longshore industry as a new employee on or after October 1, 1996 shall be eligible to participate in the PTF Plan effective October 1, 2004 but shall not be entitled to accrue credited service for pension benefit accrual purposes ~~or pension vesting purposes~~ under the PTF Plan for any hours of employment earned prior to October 1, 2004.

- (d) Effective October 1, 2004, a Participant shall be eligible to receive upon retirement a Service Retirement Pension if the Participant has reached age sixty (60) and has also satisfied the credited service requirements for a Service Retirement Pension currently in effect in the PTF Plan.
 - (e) Any Participant actively employed in the longshore industry with at least one year of credited service after September 30, 2003, but not receiving pension benefits from the PTF Plan who has reached the age of fifty-eight (58) with a minimum of twenty-five (25) years of credited service and who during a six-month window period, commencing October 1, 2004, and ending on March 31, 2005, retires from and ceases employment in the longshore industry shall be eligible to receive upon retirement a Service Retirement Pension without actuarial reduction.
 - (f) Any Participant actively employed in the longshore industry with at least one year of credited service after September 30, 2003, but not receiving pension benefits from the PTF Plan who has reached age fifty-eight (58) with a minimum of twenty-five (25) years of credited service who retires from and ceases employment in the longshore industry after March 31, 2005, shall be eligible to receive upon retirement an early retirement benefit equal to One Hundred Twenty (\$120.00) dollars per month for each year of credited service actuarially reduced by 0.75% for each month between the first day of the month following the date of retirement and the first day of the month following the date of the Participant's sixtieth (60th) birthday.
 - (g) All other terms and provisions of the PTF Plan shall remain in full force and effect without change.
2. In December in each of the calendar years from 2005 through 2010 each pensioner and widow who as of September 30, 2004 is in pay status receiving pension benefits from the PTF Plan shall receive a supplemental retirement payment in the sum of \$400.00, which shall be paid by NYSA as a supplemental welfare payment plan within the meaning of Section 2510.3-2(g) of Chapter XXV of Title 29 of the Code of Federal Regulations.

3. SKILL DIFFERENTIALS

3. The following skill differentials will be paid to the following craft employees provided they are qualified to use and in fact use computers, including hand-held computers, in the course of their job functions:
- Temporary clerks shall receive the following skill differential increases: \$0.65 an hour effective October 1, 2004 and an additional 50.50 an hour effective October 1, 2006.
 - TIR inspectors shall receive a skill differential of \$1.00 an hour over the base rate effective October 1, 2004.
4. The following skill differentials will be paid to the following maintenance craft employees:
- Container/chassis mechanics, including roadability mechanics, shall receive a skill differential of \$2.00 an hour over the existing rate, effective on October 1, 2004.
 - Crane, power and reefer mechanics and facility maintenance mechanics and yardmen (not including sweepers) shall receive a skill differential of \$2.00 an hour over the existing rate, effective on October 1, 2004.

C. WAGES AND HOURS

5. NYSA, the ILA and each of the direct employers agree that each direct employer will meet with the ILA for purposes of discussing and agreeing upon uniform, minimum compensation for the Chief Clerk of the Processing Department and Problem Resolution Department at each marine terminal.
6. All crafts that work through the mid-day meal hour shall be paid double-time for the mid-day meal hour and then revert to straight time wages for hours worked subsequent to the mid-day meal hour until 5:00 P.M.

D. VESSEL STARTING TIMES

7. There shall be two additional vessel starting times applicable seven days a week: 10:00 A.M. and 3:00 P.M. The clerks/checkers assigned to work the 10:00 A.M. and 3:00 P.M. vessel starting times will be paid on the basis of an 8:00 A.M. starting time, and the longshoremen assigned to work the vessel shall receive an eight (8) hour guarantee. During the term of the agreement additional starting times may be agreed upon by the parties. The 3:00 P.M. vessel starting time will not be implemented until technical issues relating to hiring are resolved by the parties.

E. HIRING AND MANNING

8. The parties agree to establish a new multiple-day, advance ordering system that will permit Saturday ordering to be done on Fridays, and Sunday and Monday ordering to be done on Saturdays so that employers will be better able to determine and meet their labor needs and thus order in the appropriate number of employees. The details shall be worked out by the Work Practices Committee for implementation of the new multiple-day, advance ordering system on October 1, 2004.
9. The parties agree to implement the following structure:
 - Hatch Foreman 1 hired/1 working (full time)
 - ✦ Crane Operators 3 hired/1 working
 - ❖ Hold/Dock, Men 6 hired/4 working
 - ❖ Drivers (hustler) 6 hired/4 working
 - ❖ Drivers (straddle) 5 hired/3 working (vessel operations only)
10. The following container handling equipment: — toploaders, reach stackers, transtainers, straddle carriers, and rubber tire gantries (“RTG’s”) — whether used in connection with terminal (field) operations or vessel operations, shall be manned as follows: three (3) drivers shall be assigned to operate two (2) machines on a rotating basis. However, for vessel operations, straddle carriers shall be manned as follows: five (5) straddle carrier drivers shall be assigned to operate three (3) straddle carriers on a rotating basis.
11. The work of plugging and unplugging reefer containers aboard vessels is ILA maintenance work and shall not be performed by other persons, such as ships' crews.
12. NYSA and the ILA recognize that the flex-time system was implemented in order to permit the receiving and delivery of cargo outside normal hours of operation without requiring normal and

customary staffing. The parties further recognize that as volumes increase, the flex-time staffing requirements may become inadequate. Accordingly, the parties agree that in the event the existing flex-time staffing levels at any marine terminal are inadequate due to increases in volume, the parties will discuss, in good faith, modifying the staffing levels during operations at that terminal. During the term of this agreement additional starting times may be agreed upon by the parties.

13. The parties agree that there shall be flexibility in the assignment of all crafts, within their work category, to work as directed.

F. NYSA-ILA COMMITTEES

14. A joint NYSA-ILA Work Practices Committee will be established for the purpose of effectuating the parties' intent to achieve the following objectives that will serve the best interests of both the Union and Management in the Port of New York and New Jersey:

- Comply with the Master Contract's directive to establish for all crafts certification guidelines for new employees and recertification guidelines for existing employees.
- Establish a system that will allow employers to assign drivers to serve more than one gang.
- Establish a system that will enable employers to retain only the necessary number of car drivers after the guarantee period.
- Implement and monitor measures to improve productivity, reduce costs, create new efficiencies and identify and pursue best work practices.

G. EXISTING NYSA-ILA AGREEMENTS

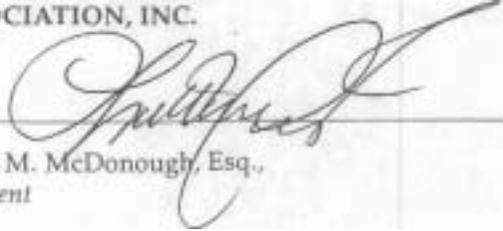
15. All the terms and conditions of the existing NYSA-ILA collective bargaining agreements, including all extensions and amendments thereto as well as all decisions and determinations of the various NYSA-ILA Committees and Boards, including the NYSA-ILA Labor Relations Committee and NYSA-ILA Contract Board, shall remain in full force and effect during the entire term of this Agreement from October 1, 2004, to and including September 30, 2010, except as modified by the terms of this Memorandum of Settlement.

16. This Memorandum of Settlement which has been ratified by the parties settles all issues between the parties relating to all crafts and shall go into full force and effect on October 1, 2004, except for paragraph 8 of this Memorandum of Settlement, which shall go into effect on the day and year first above written.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Settlement on the day and year first above written.

NEW YORK SHIPPING
ASSOCIATION, INC.

By:


Frank M. McDonough, Esq.,
President

INTERNATIONAL LONGSHOREMEN'S
ASSOCIATION, AFL-CIO

By:


John Bowers,
President