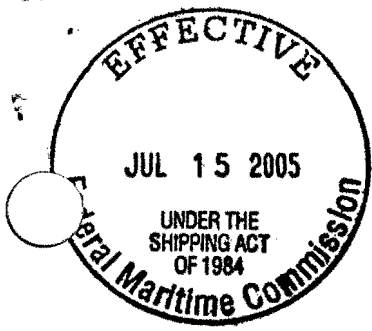


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MEMORANDUM AGREEMENT
OF DECEMBER 14, 1983
CONCERNING ASSESSMENTS TO PAY
ILWU-PMA EMPLOYEE BENEFIT COSTS,
AS AMENDED, THROUGH
June 13, 2005

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FEDERAL MARITIME COMM

The members of Pacific Maritime Association ("PMA"), acting pursuant to the Articles of Incorporation and the Bylaws of the Association, agree as follows:

1. Effective Date

This Agreement will become effective December 14, 1983. There are presently two PMA Membership Agreements which govern determination and collection of assessments to pay ILWU-PMA employee benefits:

- (1) Federal Maritime Commission Agreement LM-80, which governs all but the CFS Program assessments; and
- (2) Federal Maritime Commission Agreement LM-81;

the CFS Program agreement which further allocates certain employee benefit costs between those who perform CFS-type operations and those ship and barge operators who load or discharge containers. On December 24, 1983, Federal Maritime Commission Agreement LM-80 will be cancelled, and this Agreement will operate in its place. Federal Maritime Commission Agreement LM-81, which governs the CFS Program allocations, continues.

2. Employee Benefits

"ILWU" refers to the International Longshore and Warehouse Union. "Employee benefits" refers to benefits provided by plans which were established under, and became a part of, the

ILWU-PMA Pacific Coast Longshore and Clerks' Agreement or the ILWU-PMA Coast Walking Bosses' and Foremen's Agreement. The plans include:

- (1) the ILWU-PMA Pension Plan,
- (2) the ILWU-PMA Welfare Plan,
- (3) the Vacation Plan,
- (4) the PMA Paid Holiday Plan,
- (5) the PMA Longshore & Clerk Pay Guarantee Plan ,
- (6) the Industry (Voluntary) Travel Plan,
- (7) the PMA Walking Bosses & Foremen's Pay Guarantee Plan.

3. Assessment Rates

Assessments per man-hour and assessments per ton will, in the normal course, be calculated and published periodically. Assessment rates will be calculated and be made effective as described below.

4. Estimate of Benefit Plan Costs

Each calculation of assessment rates will be based on an estimate of benefit plan costs for the period during which the rates will be in effect.

5. Calculations

Calculations described below are illustrated in Appendix 1.

6. Man-Hour Assessment Rate

The Man-Hour Base Assessment will be the amount obtained when estimated total annual benefits plans cost is

divided by 43,578,918.

7. Portion of Benefits Cost Assessed on Tonnage

The "Tonnage Portion" of benefits plans costs will be the amount obtained by multiplying the Man-Hour Assessment Rate by estimated annual man-hours and subtracting the result from estimated total annual benefits plans cost.

8. Tonnage

Tonnage shall be reported by PMA members and assessed in accordance with PMA rules respecting the method for reporting tonnage to the Association. Tonnage is classified by the geographic range in which it moves. Tonnage is reported as either "Offshore & Intercoastal" or "Coastwise." Offshore & Intercoastal Tonnage is cargo transported by water that is either destined for or leaves from a California, Oregon or Washington port and does not have as its origin or destination another California, Oregon or Washington port. Coastwise Tonnage is cargo that is loaded in a California, Oregon, or Washington port for discharge in a California, Oregon, or Washington port. Noncontainerized Lumber & Logs and General Cargo inbound from British Columbia, Canada are also classified as Coastwise Cargo.

9. Assessment Rate per Revenue Unit

The assessment rate per Revenue Unit (RU) will be the amount obtained when the Tonnage Portion is divided by the sum of:

- (a) Container Revenue Units,
- (b) General Tonnage multiplied by 0.058824,

- (c) Lumber & Log Tonnage multiplied by 0.058824,
- (d) Automobile & Truck Tonnage multiplied by 0.004764,
- (e) Bulk Dry Tonnage multiplied by 0.001165,
- (f) Coastwise RU's multiplied by 0.705891,
- (g) Coastwise General Cargo multiplied by 0.024258,
- (h) Coastwise Lumber/Logs multiplied by 0.024258,
- (i) Coastwise Autos/Trucks multiplied by 0.004764 x
0.412383,
- (j) Coastwise Bulk Dry multiplied by 0.001165 x
0.412383.

10. OFFSHORE & INTERCOASTAL TONNAGE ASSESSMENT RATES

- (a) General Cargo. The assessment rate per ton of General Cargo will be the assessment rate per Revenue Unit multiplied by 0.058824.
- (b) Lumber & Logs. The assessment rate per ton for Lumber & Logs will be the assessment rate per Revenue Unit multiplied by 0.058824.
- (c) Automobiles & Trucks. The assessment rate per ton for Automobiles & Trucks will be the assessment rate per Revenue Unit multiplied by 0.004764.
- (d) Bulk Dry Cargo. The assessment rate per ton for Bulk Dry Cargo will be the assessment rate per Revenue Unit multiplied by 0.001165.

11. COASTWISE TONNAGE ASSESSMENT RATES

- (a) Container Revenue Unit. The Coastwise assessment rate per container Revenue Unit will be the Offshore & Intercoastal assessment rate for a Container Revenue Unit multiplied by 0.705891.
- (b) General Cargo. The Coastwise assessment rate per ton of General Cargo will be the Offshore & Intercoastal assessment rate for General Cargo multiplied by 0.412383.
- (c) Lumber & Logs. The Coastwise assessment rate per ton of Lumber & Logs will be the Offshore & Intercoastal assessment rate for Lumber & Logs multiplied by 0.412383.
- (d) Automobiles & Trucks. The Coastwise assessment rate per ton for Automobiles & Trucks will be the Offshore & Intercoastal assessment rate for Automobiles & Trucks multiplied by 0.412383.
- (e) Bulk Dry. The Coastwise assessment rate per ton for Bulk Dry Cargo will be the assessment rate for Bulk Dry Cargo multiplied by 0.412383.

Assessments on Coastwise Tonnage will be paid by the company responsible for the discharge of the cargo. No assessment will be payable for loading of coastwise cargo.

12. Assignment of Man-Hour and Tonnage Rates to Benefits Plans

(a) The ILWU-PMA Pension Plan cost will be paid by a man-hour assessment.

(b) The Vacation Plan benefits and related costs will be paid by man-hour assessments. If, when added together, the total of the man-hour pension rate and the man-hour vacation rate exceed the Man-Hour Assessment Rate calculated in accordance with Section 6, the vacation rate will be reduced so that the sum of the vacation rate and the pension rate equals the Man-Hour Assessment Rate. If the vacation rate is reduced in accordance with the above, there will be paid to the vacation fund from tonnage assessments an amount equal to the amount which would have been paid to the fund by that portion by which the vacation rate was reduced.

(c) The PMA Paid Holiday Plan will be paid by Man-Hour Assessments. If, when added together, the total of the man-hour pension rate, the vacation rate, and the holiday rate exceed the Man-Hour Assessment Rate calculated in accordance with Section 6, the holiday rate will be reduced so that the sum of the holiday rate, the vacation rate and the pension rate equal the Man-Hour Assessment Rate. If the holiday rate is reduced in accordance with the above, there will be paid to the holiday fund from tonnage assessments an amount equal to the amount which would have been paid to the fund by that portion by which the holiday rate was reduced.

(d) The ILWU-PMA Welfare Plan will be paid by the man-hour assessments equal to the difference between the Man-Hour Assessment Rate and the sum of the man-hour pension rate and the vacation rate, the holiday rate, plus tonnage assessments to pay such estimated costs as are not met by the man-hour assessments.

(e) The costs of other collectively bargained fringe benefits plans which are or become subject to this Agreement will be paid from the tonnage assessments provided by this Agreement.

APPENDIX 1

ILLUSTRATIVE ANNUAL EMPLOYEE BENEFITS PLANS COST,
MAN-HOUR ESTIMATES, AND CARGO TONNAGE ESTIMATES

TOTAL ANNUAL EMPLOYEE BENEFITS COSTS \$294,604,283

MAN-HOURS ESTIMATE FOR PERIOD 21,007,088

CARGO TONNAGE ESTIMATES

Offshore & Intercoastal

Revenue Units 9,886,817

Tons

General Cargo 10,007,168

Lumber & Logs 1,965,482

Automobiles & Trucks 17,183,496

Bulk Dry Cargo 53,888,031

Coastwise

Revenue Units 18,556

Tons

General Cargo 224,652

Lumber & Logs 409,776

Automobiles & Trucks 420

Bulk Dry Cargo 0

MAN-HOUR ASSESSMENT RATE

Man-Hour Assessment Rate $\$294,604,283 / 43,578,918 = \6.76 Per Hour

TONNAGE ASSESSMENT RATE

Tonnage Portion $\$294,604,283 - (21,007,088 \times \$6.76) = \$152,596,368$

APPENDIX 1 (Continued)

| | <u>Per Unit</u> | <u>Per Ton</u> |
|--|-----------------|--------------------------|
| Offshore & Intercoastal Rates | | |
| <u>Per Revenue Unit</u> | \$14.18 | |
| \$152,596,368/ | | |
| ((9,886,817 x 1.000000) | | [Revenue Unit's] |
| + (10,007,168 x 0.058824) | | [General] |
| + (1,965,482 x 0.058824) | | [Lumber/Logs] |
| + (17,183,496 x 0.004764) | | [Autos/Trucks] |
| + (53,888,031 x 0.001165) | | [Bulk Dry] |
| + (18,556 x 0.705891) | | [Coastwise RU's] |
| + (224,652 x 0.024258) | | [Coastwise General] |
| + (409,776 x 0.024258) | | [Coastwise Lumber/Logs] |
| + (420 x 0.004764 x 0.412383) | | [Coastwise Autos/Trucks] |
| + (0 x 0.001165 x 0.412383) | | [Coastwise Bulk Dry] |

| | | |
|---------------------------------|--------------------|---------|
| <u>General Cargo</u> | \$14.18 x 0.058824 | \$0.834 |
| <u>Lumber & Logs</u> | \$14.18 x 0.058824 | \$0.834 |
| <u>Automobiles & Trucks</u> | \$14.18 x 0.004764 | \$0.068 |
| <u>Bulk Dry Cargo</u> | \$14.18 x 0.001165 | \$0.017 |

Coastwise Rates

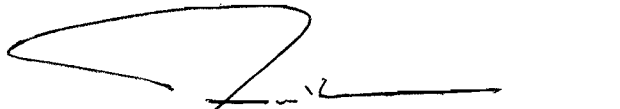
| | | |
|---------------------------------|--------------------|---------|
| <u>Per Revenue Unit</u> | \$14.18 x 0.705891 | \$10.01 |
| <u>General Cargo</u> | \$0.834 x 0.412383 | \$0.344 |
| <u>Lumber & Logs</u> | \$0.834 x 0.412383 | \$0.344 |
| <u>Automobiles & Trucks</u> | \$0.068 x 0.412383 | \$0.028 |
| <u>Bulk Dry Cargo</u> | \$0.017 x 0.412383 | \$0.007 |

CERTIFICATION

I, JAMES C. McKENNA, President of Pacific Maritime Association, certify that at a Special Meeting of the Membership of Pacific Maritime Association held at the principal office of said Association in San Francisco, California, on June 13, 2005, duly called by order of the President pursuant to the Association's Bylaws, the members of Pacific Maritime Association, acting pursuant to the Articles of Incorporation and the Bylaws of said Association, adopted the MEMORANDUM AGREEMENT OF DECEMBER 14, 1983, CONCERNING ASSESSMENTS TO PAY ILWU-PMA EMPLOYEE BENEFIT COSTS, AS AMENDED THROUGH JUNE 13, 2005.

DATED, this 13th day of June, 2005, at San Francisco, California.

PACIFIC MARITIME ASSOCIATION



James C. McKenna
President