US MX UNITED STATES MARITIME ALLIANCE, LTD.

MEMORANDUM

DATE: March 29, 2004

TO: All USMX Members

FROM: James A. Capo, Chairman/CEO SUBJ: New Master Contract (Page 1 of 3)

As you may recall, starting with a meeting of the USMX Planning Committee in July of 2002, and followed by a series of meetings with the management members of the Industry Resource Committee, and ultimately the entire USMX membership, a strategy was developed and adopted regarding the conduct of the 2004 Master Contract negotiations.

Simply stated, we agreed on pursuing a longer term early agreement, at a reasonable cost, which protected the national health care plan. We also wanted to protect management's rights and to minimize any contract language changes.

Through the collective efforts of all of the USMX members, I believe we were successful in achieving those goals as demonstrated in the following synopsis:

A. TERM OF AGREEMENT

(1) The term of agreement shall be for six (6) years from 10/1/2004 through and including 9/30/2010. The advantages of a long tens early agreement to USMX members are:

- (a) Six (6) years of labor stability and quantifiable costs
- (b) No strike or threat of any job action
- (c) Protection of the new business that has been realized by the East and Gulf coasts

B. WAGES

(1) For those employees making more than $21 per hour, an increase of $1.00/hour on October 1 of 2004, 2006, 2008 and 2009

(2) For those employees making $21 per hour or less, an increase of $2.00/hour on October 1 of 2004 and 2006, and an increase of $1.50/hour on October 1 of 2008 and 2009

(3) The starting rate is set at $16/hour, with the tiered wage system remaining in effect

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C. LOCAL FRINGE BENEFIT CONTRIBUTIONS

(1) Increase from the current base of $11 /manhour to $12/manhour on 10/1/2004, $12.50 on 10/1/2006, and $13.00 on 10/1/2008

(2) $5.00/hour from these amounts will continue to be paid to MILA

D. MILA

(1) Additional funding of 25 cents/ton to CR4 on 10/1/2004, 75 cents/ton on 10/1/2005 and 25 cents/ton on 10/1/2009, bringing total contribution to CR4 to $1.45/ton by the end of the contract

(2) CR4 is dedicated entirely to the support of MILA

(3) MILA has no maintenance of benefit obligation; it continues to be a defined contribution plan-even if medical costs increase drastically, the carriers' funding obligations will not change

(4) The MILA plan itself has been amended to provide over $200 million in savings over the term of the agreement

E. CONTAINER ROYALTY CAP

(1) CAP is raised to the following levels:

10/1/2004	58 million tons
10/1/2006	63 million tons
10/1/2008	68 million tons
10/2/2009	73 million tons

(2) CAP excess to be distributed follows:

Forty percent (40%) refunded to carriers

Twenty percent (20%) paid to MILA

Forty percent (40%) paid to local port or district funds to support local benefits

(3) The CAP program will continue to provide benefits to the carriers and the industry for the next six (6) years

F. ILA JURISDICTION

(1) Management and the ILA agreed to the creation of an expedited process to resolve jurisdiction disputes within a period of thirty (30) days after either an employer or the ILA raises an issue. In addition, the parties agreed on a set of guidelines and terms to enable both the ILA and Management to identify more precisely the functions that fall within the ILA clerks' and checkers' jurisdiction.

(2) Management and the ILA also modified the maintenance and repair Master Contract language to clarify the ILA's jurisdiction, while at the same time preserving each port's right to monitor compliance with the major damage provision of the Master Contract as the port sees fit.

G. NEW TECHNOLOGY

(1) Management retains the right to implement new technology, subject to the ILA receiving notice of any new technology at least 180 days prior to the date of implementation. In addition, while the ILA can grieve the impact of the new technology on the workforce, the ILA cannot prevent the implementation. Finally, any grievances will be submitted to a three person panel comprised of one Management representative, one ILA representative and a neutral arbitrator. The panel must issue its decision within the 180 day notice period.

H. CONTINUATION OF EXISTING TERMS AND CONDITIONS

(1) All the terms and conditions of the 1996 Master Contract, including all extensions and amendments thereto as well as accommodations in effect on September 30, 2004, will remain in effect except as modified by the provisions of this Agreement.