



United States Maritime Alliance, Ltd.

ANNUAL REPORT 2014



*... to preserve and protect
the interests of our members...*

ABOUT USMX

The United States Maritime Alliance, Ltd. (USMX) is a non-profit incorporated membership association headquartered in Lyndhurst, New Jersey. The Alliance represents employers of the longshore industry on the East and Gulf coasts, including container carriers, marine terminal operators and port associations. In addition to serving as the Master Contract bargaining representative for the Management groups, USMX also articulates industry positions on regulatory and safety issues; oversees coastwide training, retraining, certification and recertification programs; and administers coastwide fringe benefit funds and programs. ▲

MISSION STATEMENT

The mission of USMX is to preserve and protect the interests of its members in matters associated with the maritime industry, including all labor relations issues affecting longshore and related activities, and, in particular, in the realm of collective bargaining.

The Alliance shall carry out this mission for its members and customers, with due consideration of the interests, safety, and well-being of the workers and their representatives. Likewise, it understands the importance of its commitment to maintaining labor peace in order to meet and exceed the crucial demands of a global economy. ▲

HIGHLIGHTS OF 2014

During 2014, USMX focused its efforts on several key topics/issues throughout the year and will continue into the next. Details of each topic below may be found within this Annual Report:

- Centralized Royalty Collections
- Safety
- Training
- Member Relations
- Public Affairs
- Relationship with Labor ▲

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CHAIRMAN & CEO'S MESSAGE — A YEAR OF IMPLEMENTATION



Welcome to the second USMX Annual Report! We were very proud of last year's inaugural report and continue that effort with this 2014 year-end review. We appreciate the continued support of our Members in the production of this report.

While 2013 was a critical year of transition, 2014 can be considered a year of implementation. With a new Master Contract agreement and a lot of work to do, both USMX and the ILA worked hard to continue the efforts to implement our new agreement. We spent a large part of the year working with our local USMX Port Association members to close on some of the local contracts that remained open from 2013. This effort has been quite successful.

In 2014, we carried on with much of the work that we began in 2013, such as: the centralized collection of container royalties; the efforts toward improving our safety program (including improved data collection); cultivating and growing our presence in Washington, DC; refining and improving our training programs; and, as always, nurturing and enhancing our relationship with the ILA.

CENTRALIZED COLLECTION OF CONTAINER ROYALTIES

This effort is largely complete and will be ready to roll out in mid-2015. I have been incredibly impressed by the work of the CCC Service Corp. team along with the efforts of the Container Royalty Central Collection Fund

(CRCCF). The systems efforts have been incredibly successful and probably more than we ever anticipated. Many of our Carrier members have participated with the team in the pilot program and their contributions are greatly appreciated. We look forward to a successful rollout in 2015!

SAFETY

We continue to work with our Port Associations and Direct Employers to provide more comprehensive, coast-wide safety data. As the data continues to mature, we are able to better focus our efforts on the critical areas of safety. We congratulate the ILA's George Lynch on his well-deserved National Maritime Safety Association (NMSA) Man of the Year award. Obviously, George was a great choice and continues to be a key member of the ILA-USMX Joint Safety Committee. The safety team has ramped up its efforts around the publishing of OSH safety bulletins and plans to produce a joint safety booklet in 2015. The actual safety numbers continue to improve and the efforts around the joint safety team's local port visits will continue.

TRAINING

Our efforts to implement best practices in the area of training continued throughout the year. 2014 was a HUGE year in sheer numbers of trainees and one in which USMX doubled its training budget. Both New York and Norfolk had unprecedented increases in new hires that required the additional resources, and both local Port Associations have done an excellent job in this effort. All ports ramped up their training efforts and much of this training was due to the addition of new, highly technical container handling equipment. In 2015, it is our goal to create an ILA-USMX Joint

Training Committee to provide further resources for our Members in the training arena.

PUBLIC AFFAIRS

As we continue to meet with various government entities and industry trade associations as part of our member-driven public affairs endeavors, we will focus on those items of national importance to the maritime industry, while developing and refining relationships with key stakeholders.

ILA RELATIONSHIP

It remains a top priority for USMX to continue working in concert with the ILA leadership on many important labor relations issues. We have been successful in several areas and continue to work with the local Port Associations, ILA Locals and our local Direct Employers wherever we can be of assistance.

In summary, 2014 was a very steady, busy and productive year. I am proud of the efforts of the USMX and CCCSC staffs, and also appreciate and respect the relationship with and support of the ILA. We are grateful to the USMX Board of Directors and the Membership. I said in last year's report that 2014 would be a great year if we could deliver "more of the same" of what we delivered in 2013 and I am very proud to say that is exactly what we did. We have some great things in store for 2015, including the consolidation and relocation of the USMX, CCCSC and CRCCF offices, and I look forward to reporting on those next year.

Thanks and regards,

David F. Adam
Chairman & CEO

2014 BOARD OF DIRECTORS



David F. Adam
United States Maritime Alliance, Ltd.



Roy Amalfitano
Evergreen Shipping Agency (America) Corp.



Peter Braedel
Hapag-Lloyd (America), Inc.



Ian S. Cairns
CMA-CGM Group



Patrick T. Dolan
Ports of the DE River Marine Trade Association



Albert V. Gebhardt
Maersk Agency USA, Inc.



James R. Gray, Jr.
Jacksonville Maritime Association



Daniel S. Hall
Ceres Terminals, Inc.



William J. Messina
APM Terminals North America, Inc.



John J. Nardi
New York Shipping Association, Inc.



Christopher J. Parvin
Mediterranean Shipping Company USA, Inc.



William Payne
NYK Line (North America), Inc.



Michael Radak
Hanjin Shipping Company, Ltd.



John Walsh
SSA/Cooper, LLC

USMX MEMBER ORGANIZATIONS

PORT ASSOCIATIONS

Boston Shipping Association
Georgia Stevedore Association
Hampton Roads Shipping Association
Jacksonville Maritime Association
Midgulf Association of Stevedores
New York Shipping Association
Ports of the Delaware River Marine Trade Association
South Carolina Stevedores Association
Southeast Florida Employers Port Association
Steamship Trade Association of Baltimore
West Gulf Maritime Association

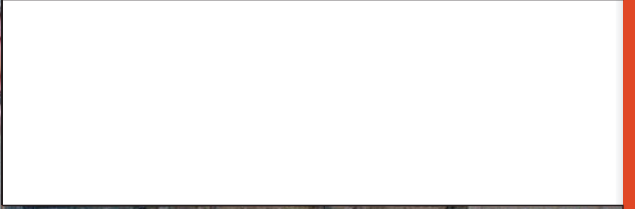
CARRIERS

APL, Ltd.
Atlantic Container Line
China Shipping (North America) Holding Co., Ltd.
CMA CGM Group
Columbia Coastal Transport, LLC
CCNI
COSCO Container Lines Americas, Inc.
COSCO Container Lines Europe, GmbH
CSAV Agency North America, LLC
Evergreen Shipping Agency (America) Corp.
Hamburg Süd North America, Inc.
Hanjin Shipping Company, Ltd.
Hapag-Lloyd (America), Inc.
Horizon Lines, LLC (*resigned YE 2014*)
Hyundai Merchant Marine (America), Inc.
"K" Line America, Inc.
Maersk Agency USA, Inc.
Mediterranean Shipping Company USA, Inc.
MOL (America) Inc.
NYK Line (North America), Inc.
OOCL (USA), Inc.
Turkon America, Inc.
United Arab Shipping Company
Wallenius Wilhelmsen Logistics Americas, LLC
Yang Ming (America) Corp.
Zim American Integrated Shipping Services Co., Inc

DIRECT EMPLOYERS

APM Terminals North America, Inc.
Ceres Terminals Inc.
CP&O, LLC
Global Container Terminals, Inc.
Maher Terminals, LLC
Ports America
SSA/Cooper, LLC





LABOR RELATIONS UPDATE

As we moved forward to implement the latest Master Contract between USMX and the ILA, 2014 proved to be a challenging and productive year in the labor relations arena. Issues and challenges of particular interest include: the status of local bargaining; South Atlantic issues; maintenance and repair; chassis, and implementation of new technology in USMX member ports.

LOCAL BARGAINING

Though local agreements had not been reached in the ports of Baltimore, Charleston, and Mobile as of the close of 2014, we were able to keep cargo moving, and both sides continue to work through their various local issues, with the ultimate goal of reaching an agreement in the future.

Baltimore

- Challenge of ILA International-imposed trusteeship on Local 333
- Joint action against Local 333 to confirm early 2014 Arbitration Award
- Lawsuit remained unresolved at year-end due to lack of local contract
- Jurisdiction Committee dispatched to investigate jurisdiction/maintenance issues

Charleston

- Union demands a raise in its pension pay per good year rate; Management opposes the demand
- Strike threats by Locals in Charleston over containerized and RO-RO cargo result in two-day arbitration
- Implementation of a fully-automated gate system for Charleston could become potential issue for discussion in local bargaining

CURRENT SOUTH ATLANTIC & GULF COAST DISTRICT OFFICERS (Since July 2014 SAGCD ILA Convention)			
Clyde Fitzgerald	Willie Seymore	Michael Dickens	Wilbert Rowell
Benny Holland (Emeritus)	Charles Spencer (Emeritus)	Andrew Laws	
CURRENT SOUTH ATLANTIC & GULF COAST DISTRICT VICE PRESIDENTS			
Jim McClelland	Jess Babich	James Campbell	Benjamin Bryan
Henry Rose	Kenneth Riley	Tommy Isbell	James Eli
Gerardo Becerra	Larry Sopchak	Dwayne Boudreaux	T. L. Simon
Mike Herrera	Jake Chapman	Kenneth Crier	Darius Johnson
	Nicholas Robinson	Alan Robb	

SOUTH ATLANTIC

Several issues of interest/challenge continued through 2014 in the South Atlantic region:

- Election of South Atlantic & Gulf Coast District ILA officers at District Convention in July of 2014 (see chart above)
- Deck & dock jurisdiction and clerical jurisdiction claims continue in Jacksonville
- South Atlantic maintenance and repair blue book headed to print

MAINTENANCE & REPAIR

Some issues/challenges also arose in 2014 around maintenance and repair.

Philadelphia

- In early 2014, the terminal operator filed with the NLRB unfair labor practice charges against the union related to maintenance and repair work on containers and gen-sets used by USMX carrier members [during 2013, several grievances had been filed against some USMX carriers alleging Master Contract (MC) ▶

LABOR RELATIONS UPDATE *(continued)*

violations for failure to use employees covered by the MC for repair and maintenance of containers in the Port of Philadelphia]; in July 2014, the NLRB upheld the ILA's grievance because the union was seeking to preserve work that MC bargaining unit employees had traditionally performed in Philadelphia and other MC ports. The aforementioned grievances were tagged to proceed through the MC's grievance and arbitration process. At the end of 2014, the grievances in Philadelphia were still under discussion at the local level.

CHASSIS

In 2014, the long-term lease and shortage issues remain open, particularly in the Port of New York and New Jersey, and interested parties continue to work on provisions that would ensure work preservation for employees covered by local collective bargaining agreements, while working toward commitments required in the Master Contract. As of the end of 2014, these discussions were ongoing.

NEW TECHNOLOGY

USMX members' ability to implement new technology is an important aspect of the Master Contract agreement. Notification and implementation processes have been developed and are in place, as part of the technology language. The 2014 year saw several instances of the implementation of new technology by various USMX member companies and ports.

Norfolk International Terminals

- Implemented a terminal-operating system, new gate system and global positioning system; discussions centered on the technology's impact on the ILA workforce and protection of any displaced employees; agreements reached locally to resolve any displacement issue

New York/New Jersey

- Implemented state-of-the-art terminal-operating systems with enhanced container-transport equipment and automated stacking cranes in two terminals; joint technology committee met to review elements of planned expansions to determine the impact of the new technology on the ILA workforce; confidential agreements were reached with various ILA Locals involved and all issues but one were resolved

Other Ports

- In the ports of New Orleans and Philadelphia, as well as in additional NY/NJ terminals, processes to implement new technology have begun

LABOR NOTES

Additional topics of interest to USMX and its members include:

Industry Resource Committee (IRC)

The joint IRC was established as part of the Master Contract grievance procedure and is in effect for the purpose of considering major industry problems. Its goal is to keep management and labor up-to-date and ahead of any potential problems on the road to future Master Contract bargaining. The IRC held its first meeting, since the signing of the new Master Contract, in January 2014. Productive discussion ensued, and included:

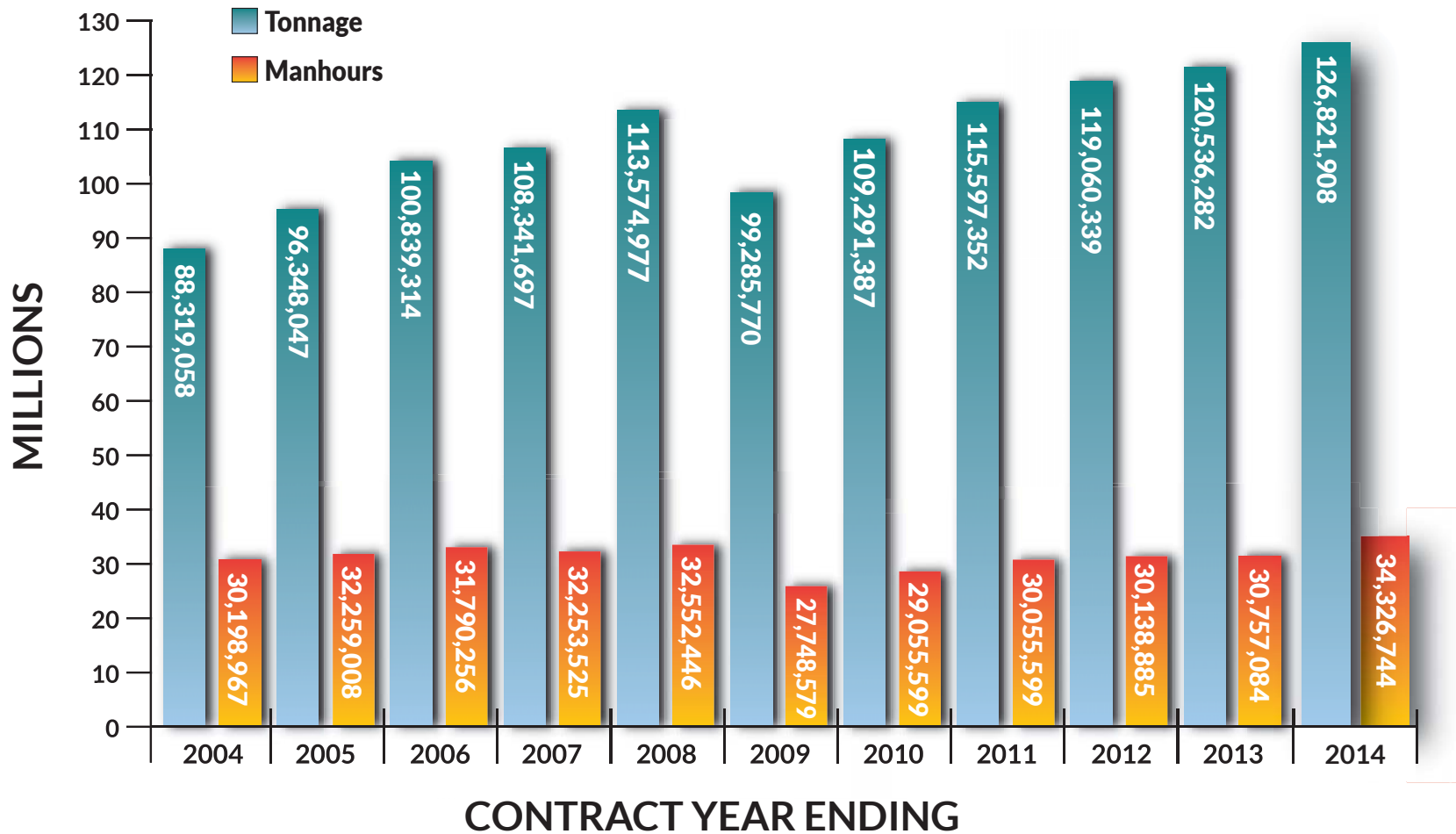
- Discussion about how to compete with the encroachment of non-ILA labor on jurisdiction traditionally held by ILA workers
 - The group will continue moving forward and studying ways to improve the current business model to be more productive and efficient to attract work

Horizon Lines, LLC

In late November 2014, Horizon Lines, LLC commenced shutdown operations of its Puerto Rico trade lane. This resulted in its not operating any vessels on the East or Gulf Coasts of the United States, and its subsequent resignation from USMX, with a significant impact felt in the ports of Jacksonville and Philadelphia. ▲



MASTER CONTRACT TONNAGE & MANHOURS 10-YEAR LOOKBACK: 2004 THROUGH 2014



ILA-USMX JOINT SAFETY COMMITTEE (continued)

COMMITMENT TO COMMUNICATION

The close of 2014 marked the completion of the ILA-USMX Joint Safety Committee (JSC)'s third year of guidance and assistance to USMX member companies and their ILA counterparts. One of the main goals of the JSC in 2014 was to get out to the ports as often as possible and to keep the lines of communication open with all of the ILA locals as well as with our member companies. This past year, we have put particular emphasis on direct contact with the ILA rank-and-file. By expanding our contacts and communications to the dozens of locals, it encourages discussions on OSH matters that may never before been brought to the forefront.

PORT VISITS

With that in mind, the JSC dispatched its representatives to the ports of New York/New Jersey, Baltimore, Houston, New Orleans, Jacksonville and Miami. In these visits the JSC accomplished the following: it attended local joint safety committee meetings; it helped develop additional local safety committees; it conducted safety audits; and it investigated serious accidents. As part of its ongoing commitment to the industry, the group also met periodically on the East and Gulf Coasts at various industry events such as the South Atlantic & Gulf Coast District ILA Convention in Savannah, the Blue Ribbon Safety Panel Meeting in Biloxi, and the NMSA Annual Meeting in Jacksonville. These well-attended industry events provided the perfect platform for the JSC to report and to get the "safety" message out. The JSC was also invited to participate at the Industry Resource Committee (IRC)'s meeting in January of 2014, where its industry update presentation was very well-received.

JSC OSH SAFETY BULLETINS

In 2014 the JSC produced eight new occupational safety and health (OSH) bulletins. These were distributed at the industry-wide events and were posted on the official websites of the ILA and USMX. The safety topics explored in 2014 were: 1) *Online Safety Knowledge You Can Use*; 2) *Inherent Dangers of Personal Electronic Devices at Work*; 3) *Heat Stress*; 4) *M&R Workers & Tire Safety*; 5) *Seat Belts*; 6) *Where To*

Walk (and Where Not To); 7) *Eccentric (Unbalanced) Loads*, and 8) *New OSHA Reporting Rules*.

This series of important safety bulletins will be developed into a safety tip booklet that will be sent to all USMX member ports and ILA locals by the end of 2015.

Please view these important ILA-USMX Joint Safety Committee OSH Bulletins on our website (usmx.com). They are available for viewing and downloading under RESOURCES/Safety Bulletins and Various Safety Resources.

We encourage the maritime industry to distribute and share this important safety information with your safety personnel and employees.

The safety messages are vital to making and keeping the safest workplace possible for all maritime workers and managers — it can save lives!

ILA & USMX JOINT SAFETY COMMITTEE

— Working Together for the Benefit of All —



NMSA MAN OF THE YEAR

Mr. George S. Lynch, Jr., was named the 2014 recipient of the NMSA Man of the Year award at the March 2014 NMSA Annual Meeting. Mr. Lynch was honored for his concern for the safety and well-being of his fellow workers. Mr. Lynch has been a member of the ILA for 16 years and is a founding member and co-chairman of the USMX-ILA joint safety committee, spending considerable time promoting safety within the maritime industry.

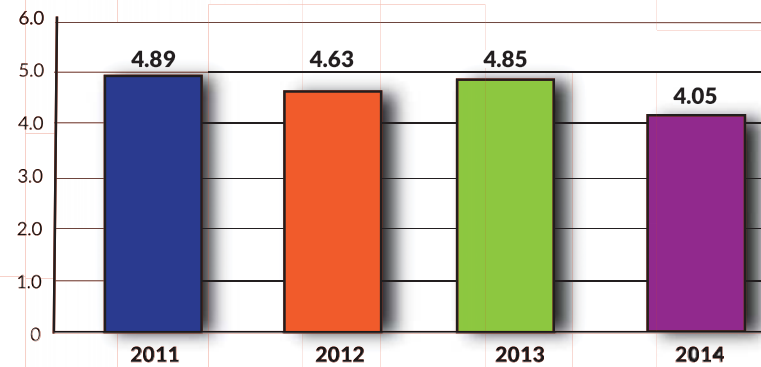
Having been appointed by the U.S. Secretary of Labor, Mr. Lynch serves on the Maritime Advisory Committee for Occupational Safety & Health (MACOSH) and is a recipient of the maritime industry's "Good Scout" award. On 9/11, he and a co-worker ensured that all of the employees of New York Shipping and the ILA were safely evacuated from Two World Trade Center. Mr. Lynch obtained a B.A. in History and an M.A. in Counseling, and is a strong advocate for those needing treatment for drug and alcohol abuse. Our heartfelt congratulations go out to him. ▲

SAFETY DATA INITIATIVE

PROJECT UPDATE

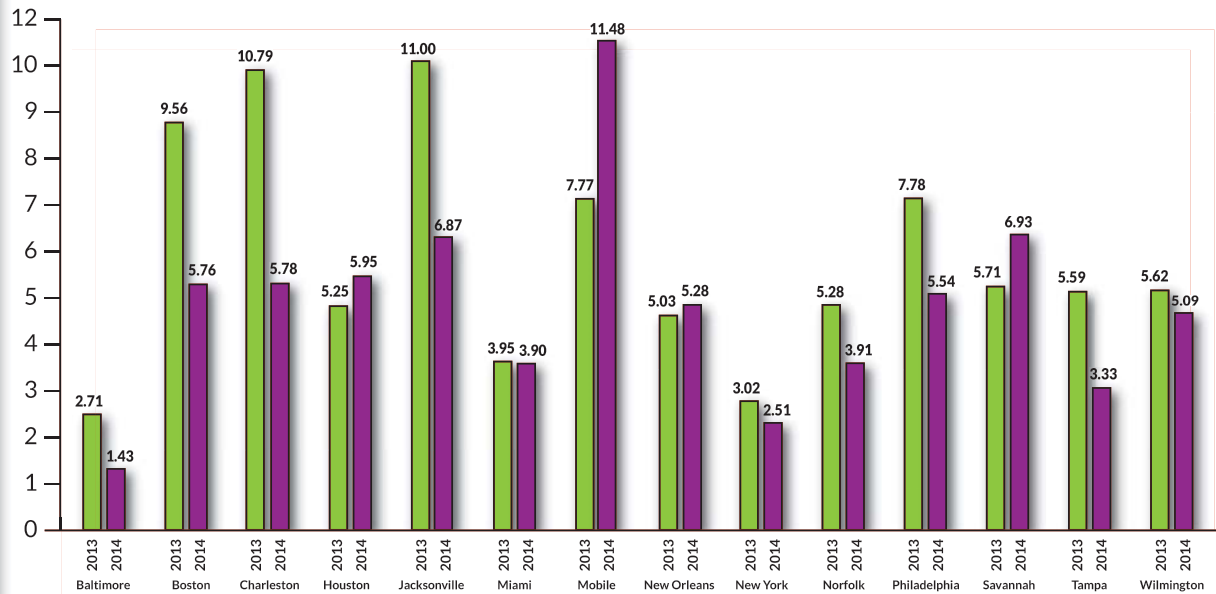
The Safety Data Initiative, instituted by the ILA-USMX Joint Safety Committee (JSC) in late 2013, and managed by USMX, grew in leaps and bounds over the course of 2014, when USMX broadened its initial data collection from just Lost Time Incidents (LTI) and manhours to collection of specific details of each LTI, such as incidents by craft, type of incident, and where in a terminal an incident took place. A snapshot of the initial data collection results by year are provided in the accompanying chart entitled *Lost Time Incident Frequency Rates in USMX Ports, Lookback: 2011 through 2014*. Also of interest is the port-by-port and year-to-year comparison in the chart entitled *Lost Time Incident Frequency Rates (for all) USMX Ports 2013 vs. 2014*.

LOST TIME INCIDENT FREQUENCY RATES IN USMX PORTS LOOKBACK: 2011 THROUGH 2014



The lost time injury and illness incident rate is based upon Occupational Safety and Health Administration (OSHA) recordkeeping criteria and is considered a national standard used by the government for most industries. The formula considers the number of lost time incidents and illnesses occurring in a workplace and the hours worked during the time period. It is based on a workplace of 100 workers averaging 2,000 hours per year. **FORMULA:** (Lost time injuries & illnesses x 200,000/total hours worked = incident rate.)

LOST TIME INCIDENT FREQUENCY RATES (LTIFR) FOR ALL USMX PORTS 2013 = 4.88 vs 2014 = 4.05



DATA PARAMETERS

The success of this project going forward is a top senior management priority for both USMX and the ILA. By focusing our data collection efforts on specific details such as LTI by craft, type and location, the results will give us a much clearer understanding of the problem areas common to cargo operations on the East and Gulf coasts. That understanding will ultimately allow us to develop the target-specific programs and materials necessary for training our workforce to lessen or avoid the occurrence of these incidents, fostering greater workplace safety, and improving the overall quality and productivity in our ports. ▶

SAFETY DATA INITIATIVE (continued)

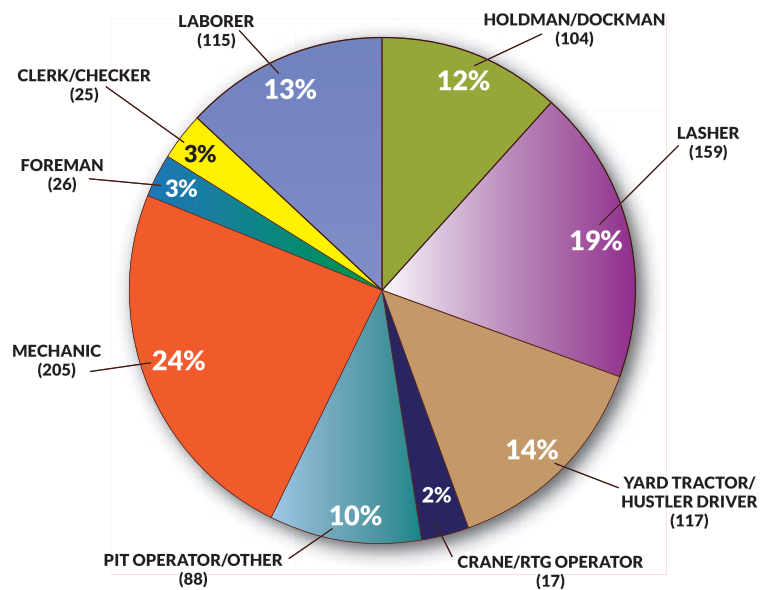
REPORTING FORM

Throughout 2014, USMX worked with its member partners to simplify the process of data collection. We developed an LTI Reporting Form for distribution by the USMX Port Associations to the various USMX Direct Employers of ILA labor. Biannually, the data forms are completed by the direct employers, returned to the port associations, then submitted to USMX for entry into our Oracle database. We utilize that data to develop reports and graphs that will guide the continued safety efforts of the JSC. This important collection of the various safety data from over 120 employers would not be possible without the continued efforts of our local port associations and direct employers.

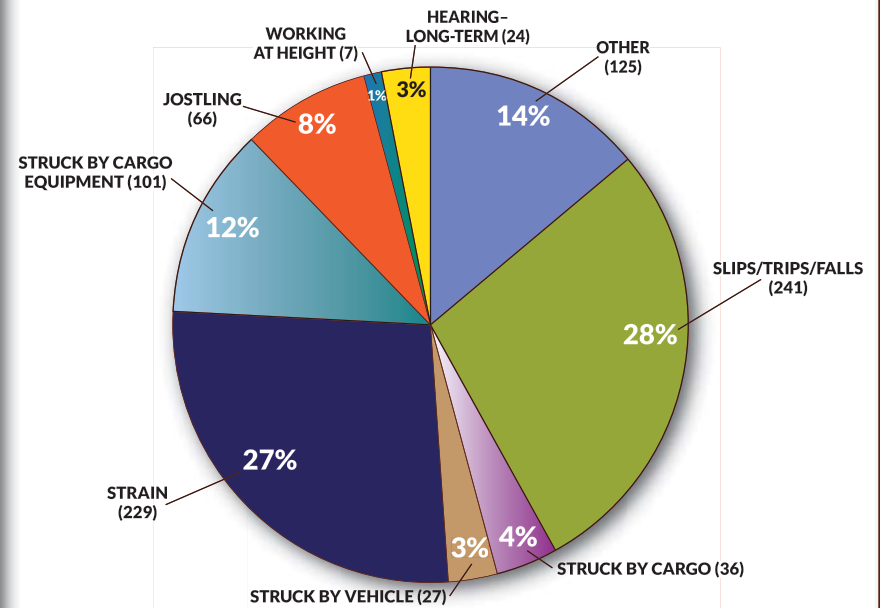
COASTWISE INCIDENTS BY CRAFT & TYPE

Our data collection efforts have garnered specific incident/injury data covering nine job classifications or crafts employed within the modern maritime industry. For example, in 2014, there was a clear indication from the total amount of injuries by craft, that lashers and mechanics are crafts needing attention (see *TOTAL LTI DATA FROM ALL USMX PORTS BY CRAFT 2014 (856 INJURIES)*). However, a larger data sample will be required to assist the JSC in pinpointing specific measures that can be taken to lessen the percentage of occurrence for that specific craft. Likewise, data collected in 2014 on various types of incidents, illustrates that slips/trips/falls were the incidents with the largest percentage of occurrence, when compared with the other eight types of incidents noted [see *LTI RATE FROM ALL USMX PORTS BY TYPE 2014 (856 INJURIES)*]. ▶

LTI DATA FROM ALL USMX PORTS BY CRAFT 2014 (856 INJURIES)



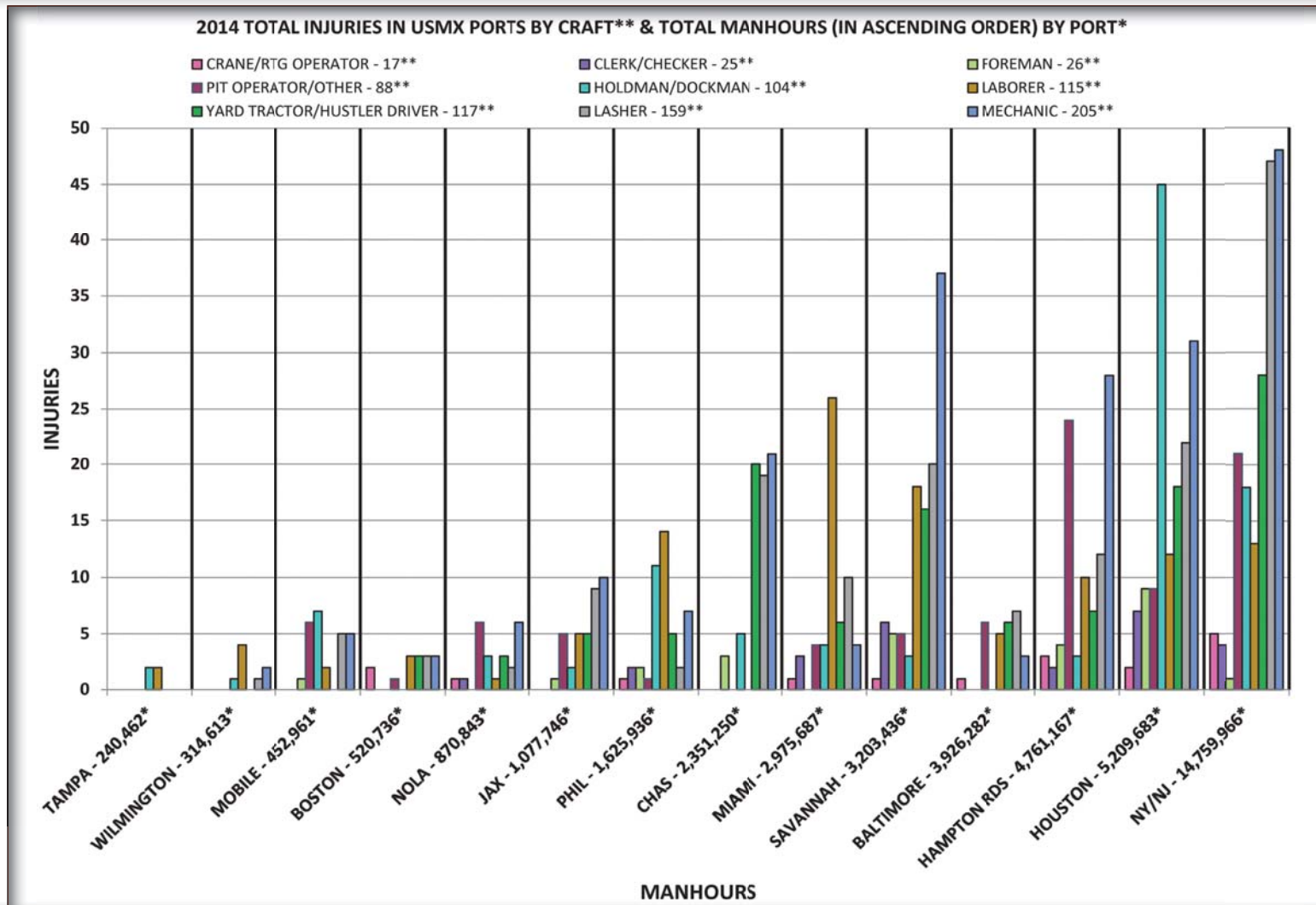
LTI RATE FROM ALL USMX PORTS BY TYPE 2014 (856 INJURIES)



SAFETY DATA INITIATIVE (continued)

COASTWIDE INCIDENTS AND MANHOURS BY PORT

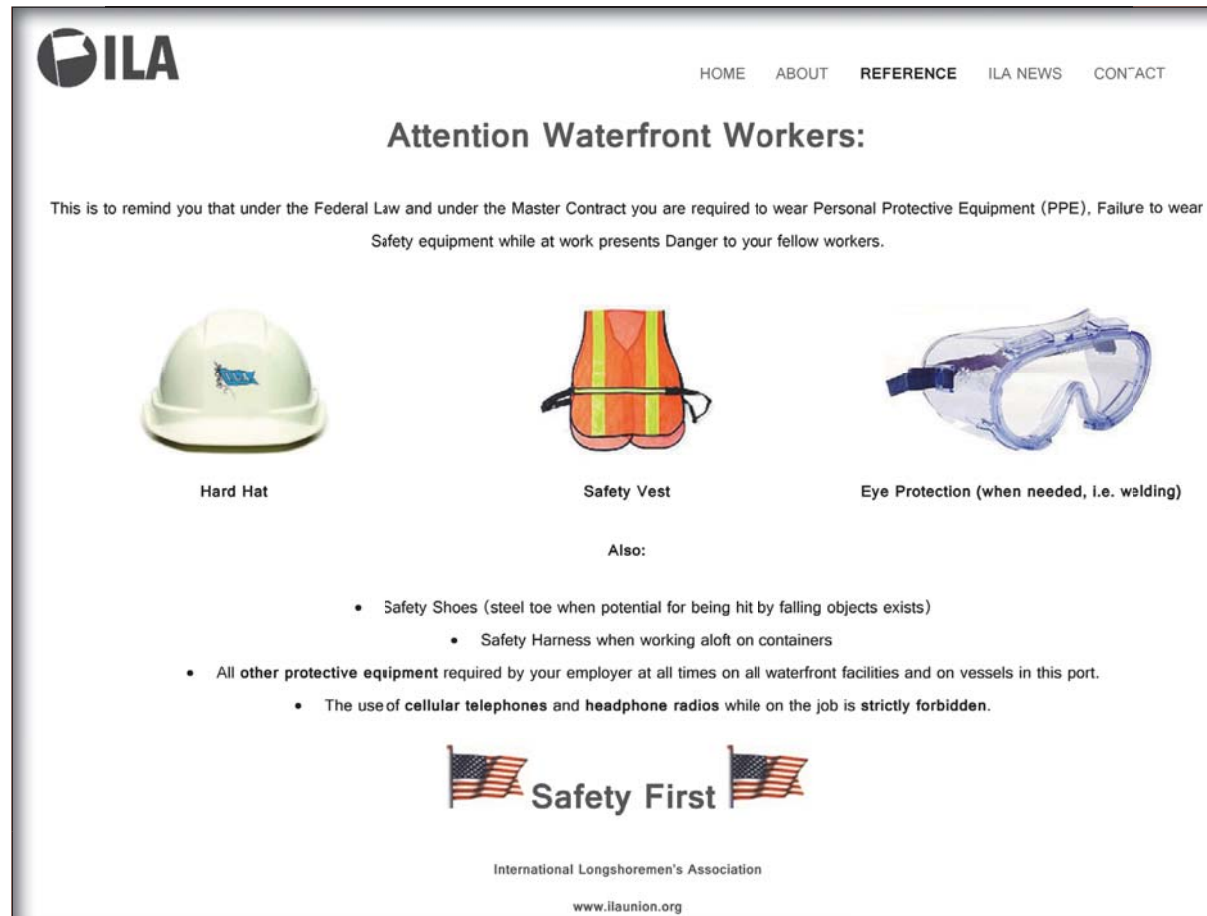
Our last chart (2014 TOTAL INJURIES IN USMX PORTS BY CRAFT AND TOTAL MANHOURS BY PORT) illustrates a port-by-port accounting of the types of injuries, along with the number of manhours in ascending order. It should be noted that the ports with lower manhours generally report a lower number of incidents, and, transversely, a port with higher manhours will report a higher rate of incidents. When looking at the incidents by craft, the frequency for each is generally similar across the board, regardless of the port in which those crafts are employed. ▶



SAFETY DATA INITIATIVE *(continued)*

FUTURE USE OF DATA


As we continue to collect this important safety data, USMX, in concert with the Joint Safety Committee and the rest of our colleagues at the ILA, will continue to identify the who, why and where of the rank-and-file's injuries and seek ways to improve working conditions and lower the overall amount of incidents among the maritime workforce. ▲





ILA HOME ABOUT REFERENCE ILA NEWS CONTACT

Attention Waterfront Workers:

This is to remind you that under the Federal Law and under the Master Contract you are required to wear Personal Protective Equipment (PPE). Failure to wear Safety equipment while at work presents Danger to your fellow workers.


 **Hard Hat**

 **Safety Vest**

 **Eye Protection (when needed, i.e. welding)**

Also:

- Safety Shoes (steel toe when potential for being hit by falling objects exists)
 - Safety Harness when working aloft on containers
- All other protective equipment required by your employer at all times on all waterfront facilities and on vessels in this port.
 - The use of cellular telephones and headphone radios while on the job is strictly forbidden.

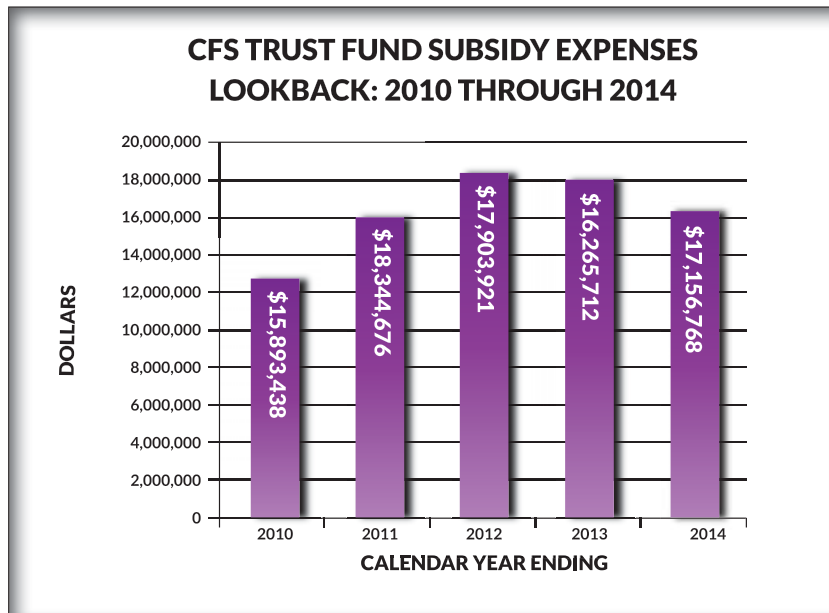
 **Safety First**

International Longshoremen's Association
www.ilaunion.org

CONTAINER FREIGHT STATION TRUST FUND

NEW SUBSIDY RATE

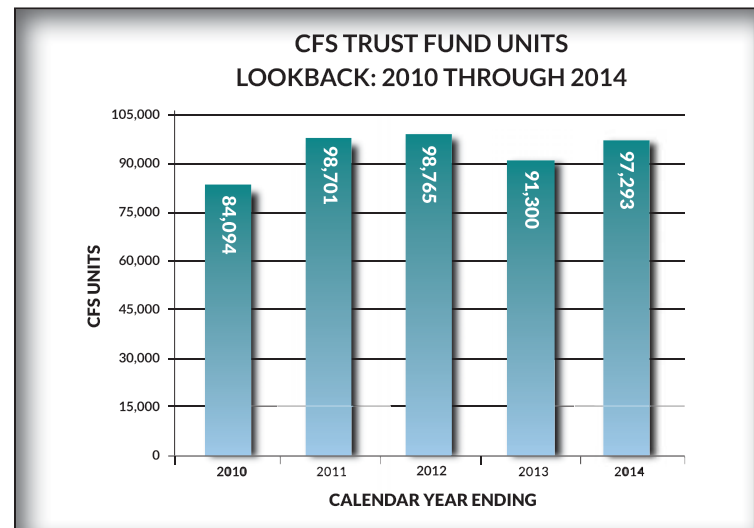
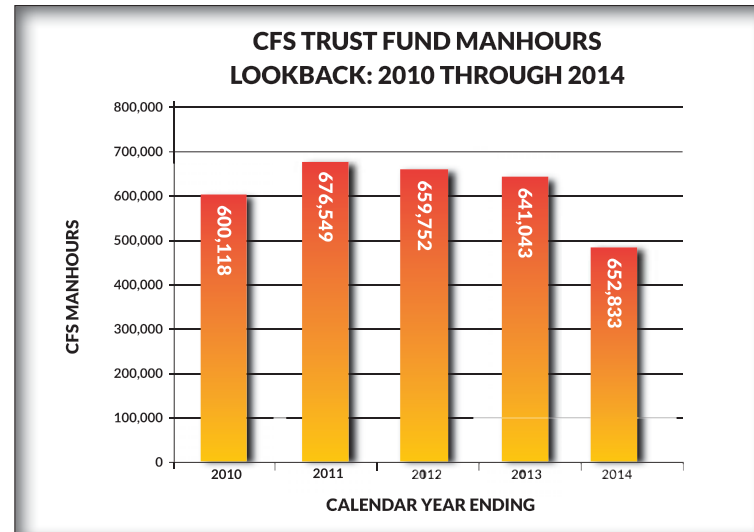
The current Master Contract (MC), signed in late 2013 (but effective 10/1/12 through 9/30/18) called for the implementation of major financial changes to the CFS program. As of the close of the 2014 calendar year, the conditions agreed upon in the new MC (a decreasing scale in subsidy rates from \$28 per hour to \$21 per hour for existing CFS operations over the life of the MC agreement, a starting subsidy rate of \$21 per hour for all new CF stations, and managed growth of expansion) have been fully implemented. In 2014, the subsidy rate had thus far been reduced to \$25 per hour for existing CF stations. We also saw program expansion in 2014 with the opening of Quality Container Transport in Miami, FL, along with the approval of the opening of APM Cargo Services, Mobile, AL, and an expansion to the TTL/Shippers Station in Bayport, TX. All three of these stations entered the program at the new station subsidy rate of \$21 per hour.



THE CFS STATIONS

Currently, the CFS program is active in the ports of New York, Philadelphia, Baltimore, Hampton Roads, Charleston, Miami, Mobile, New Orleans and Houston. Although the number of CFS stations is constantly changing, at the end of 2014, there were 22 active

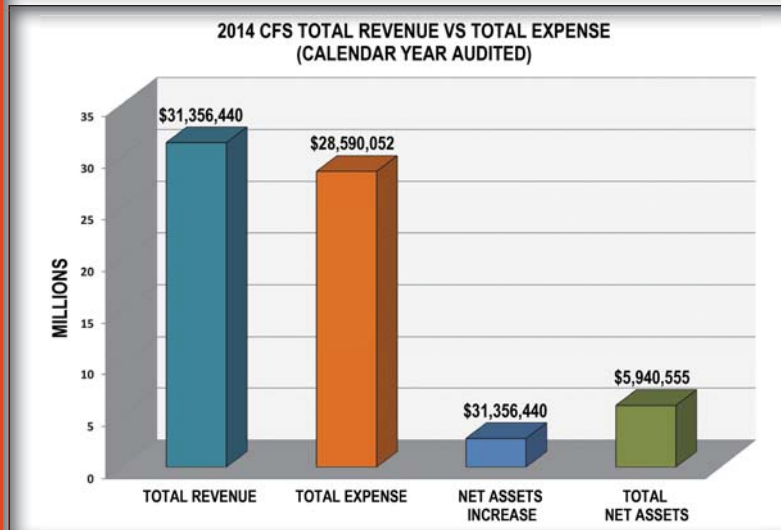
stations. This long-standing program has helped preserve work for hundreds of the ILA rank-and-file from Maine to Texas, with some 652,833 CFS-related ILA manhours reported and 97,293 containerized units worked in 2014 alone. ▶



CONTAINER FREIGHT STATION TRUST FUND (continued)

OPERATIONS AUDITS

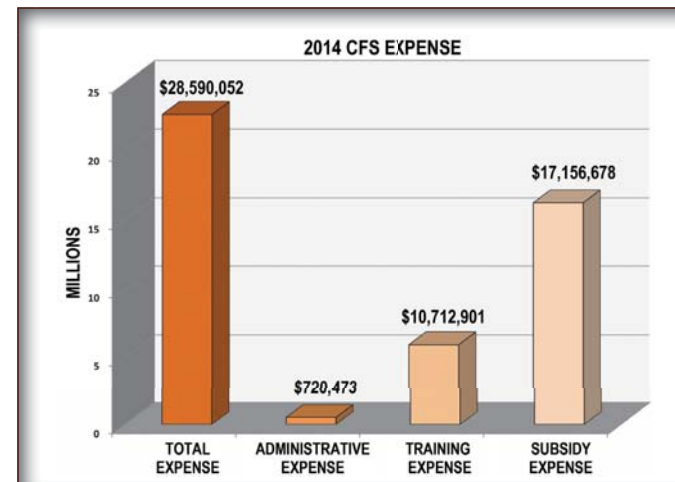
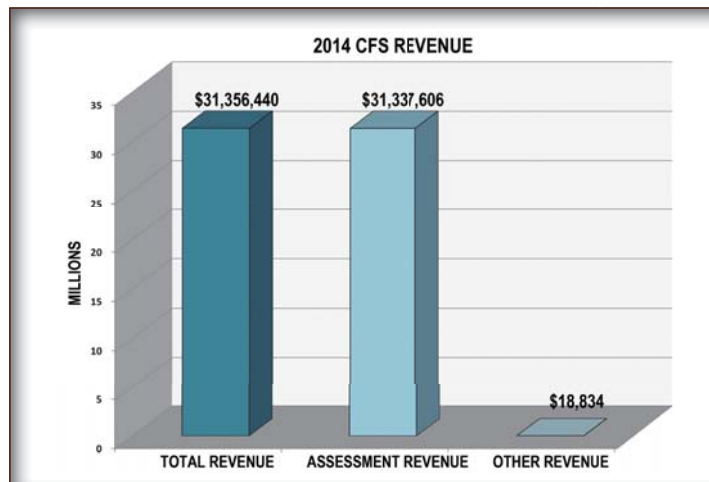
In order to ensure that all parties are in full compliance with all contractual terms, annual station operations audits are conducted. These audits are an integral part of the CFS Trustees' continued monitoring of the program to ensure continued program compliance. As part of the CFS program, each station is given a copy of the CFS Operators Manual, which outlines all aspects of the program and can provide answers to any questions they may have with regard to station audits or operating procedures. During 2014, audits covering 10 stations were successfully conducted in Hampton Roads, Charleston, New Orleans and Houston.



CURRENT FINANCIALS

The contract year ending in 2014 was the first complete year under the new MC agreement. The following charts present a 2014 snapshot of the audited financials of the CFS program, during which time the assessment of \$0.25 per long ton was in effect.

It should be noted that the CFS net assets have been increased to nearly \$6 million to help defray additional training cost subsidies needed to meet the demand for training of new workers in many ports. With continued vigilance and careful management of the program by the CFS Trustees, the program should continue to perform as expected and agreed to for the balance of the Master Contract. ▲



TRAINING OVERVIEW

INCREASED DEMAND

In 2014, the demand for training of both new and existing longshore rank-and-file was at an all-time high, resulting in significant expansion of our training programs. Several key factors played into this increased demand:

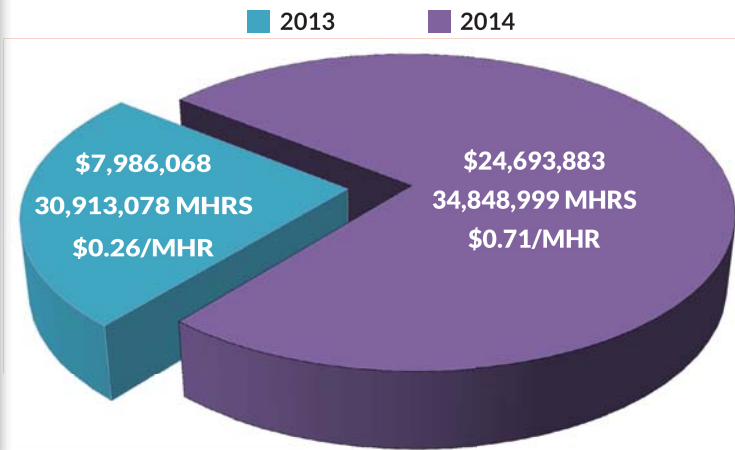
- In the Northeast, over 1,000 new hires entered the industry during 2014. This influx in longshore personnel created the need for immediate training in the areas of Orientation, Powered Industrial Truck (PIT) operation, and Hazardous Material (HAZMAT) certification in order to replace a group of workers nearing retirement age
- Overall, industry-wide growth created a greater need for more training
- New technology also played a role in adding to the training demand, as terminals needed more current employees to train on new equipment such as rail-mounted gantry (RMG) and shuttle trucks, as well as on new cranes and straddle carriers
- Technology also affected the amount of training required in maintenance and repair and clerical operation with the institution of new technology in gate and terminal operating systems in several of our ports

This tremendous increase in demand for training funds is evident when comparing 2013 total expenses and per manhour training costs with those of the 2014 calendar year. Overall training allocations for 2014 were significantly higher, with the CFS Trust Fund, through USMX Carrier assessments, providing valuable training reimbursement to USMX members for MITAGS and local Port Association training totaling nearly \$25 million, or \$0.71 per manhour.

TRAINING REVIEW

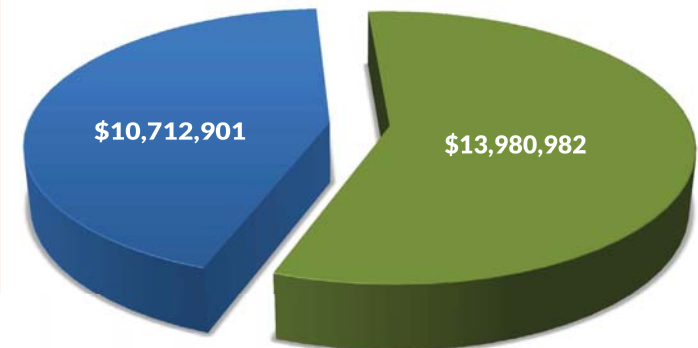
During 2014, USMX initiated its first major coastwide training program review. Members of USMX and the ILA, along with a training consultant, traveled to our member ports to take an in-depth look at the current training programs being employed, with the purpose of confirming that the programs were indeed being conducted properly and to help identify those areas where improvements could be made. Those improvements will guide USMX and the ILA toward operating safer workplaces and ensuring that training dollars are being used wisely and in the areas requiring the most attention. ►

2013 VS. 2014 TOTAL TRAINING EXPENSES, MANHOURS & PER MANHOUR TRAINING EXPENSES (CALENDAR YEAR)



2014 TOTAL TRAINING EXPENSES: \$24,693,883 (CALENDAR YEAR)

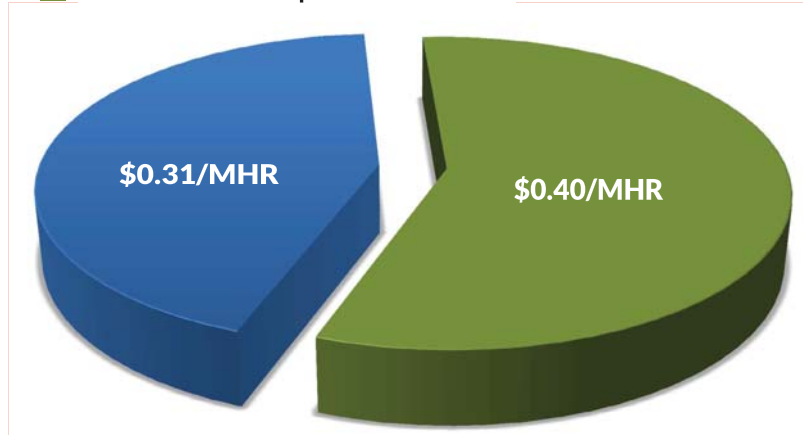
- USMX Training Expenses
- Port Association Training Expenses



TRAINING OVERVIEW *(continued)*

**2014 TOTAL PER MANHOUR TRAINING EXPENSES = \$0.71
(BASED UPON CALENDAR YEAR MANHOURS = 34,848,999)**

- USMX per Manhour Cost
- Port Associations' per Manhour Cost



RESULTS

The major result of the training program review was the recommendation for the development of a Joint Training Committee (JTC), similar to the Joint Safety Committee, established in 2013. This new small committee would be populated by members from both USMX and the ILA, and would be charged with monitoring budgets and payment processes as well as developing training programs that would address specific areas requiring attention and ultimately allow the overall training program to reach a higher level of effectiveness. Some topics of particular focus were identified:

- Foreman training
- Development of criteria to keep trainees working on jobs in the

category for which they have been trained

- Update of training materials and manuals
- Incorporation of recent LTI Data Initiative results into safety training programs
- Encouragement of greater use of training classes at MITAGS

By late 2014, the budget process had been overhauled and simplified, and a review of the reimbursement process was in initial stages. The PIT training programs were completely upgraded, with old information updated and training scripts rewritten. All VHS materials were converted to HD-DVD format and trainer guides were rewritten and consolidated into electronic files on a single thumb drive, instead of in bulky individual binders.

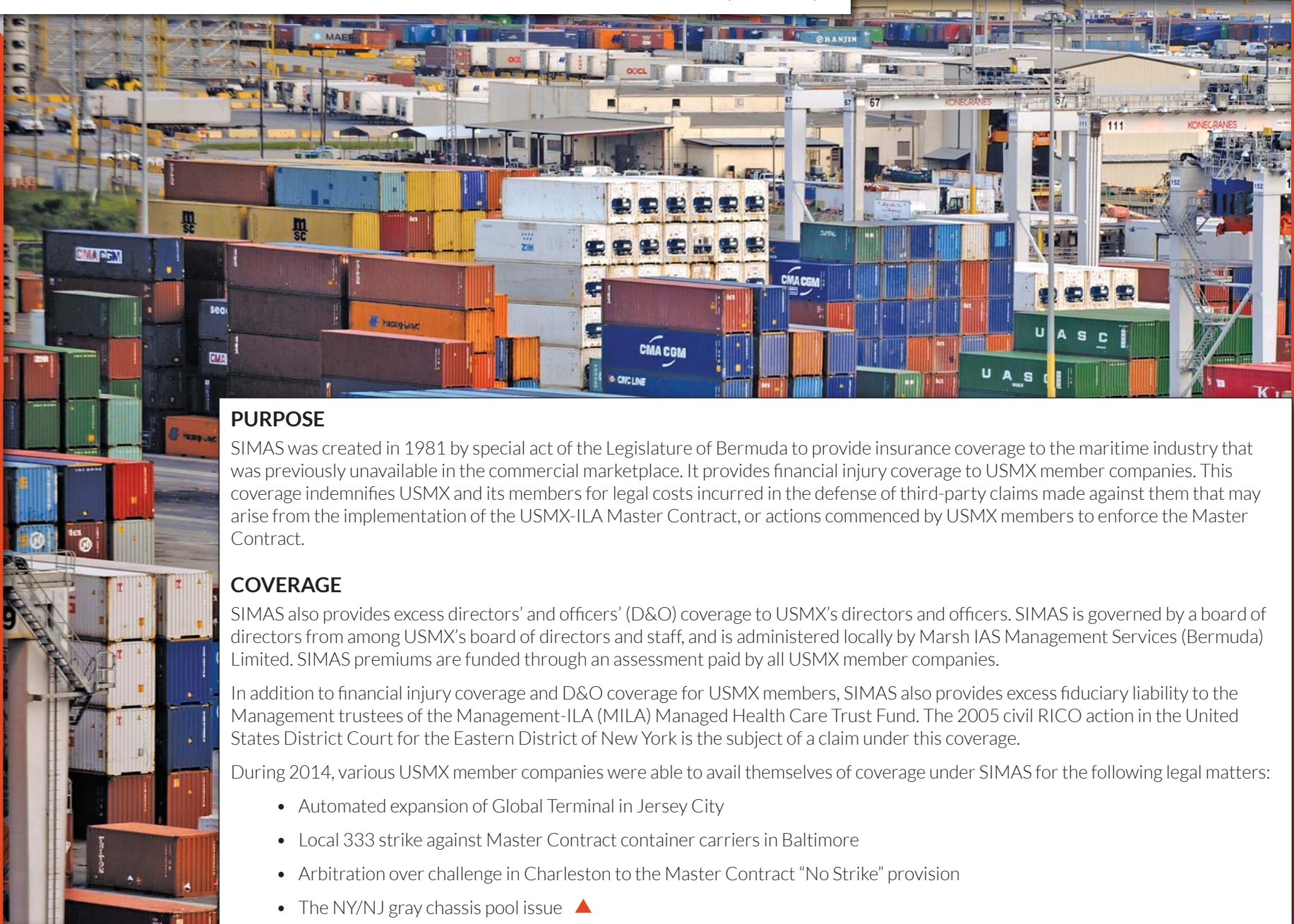
MITAGS UPDATE

The increased training demand also had a major impact on our trainees attending classes at MITAGS during 2014. While it's difficult to compare 2014 with 2013, due to the partial moratorium on MITAGS training during the lengthy master contract negotiations throughout 2012 and the first quarter of 2013, this past year was a standout. More than 125 students traveled to Maryland during 2014. That is the greatest number of trainees since 2005. Students completed and passed courses on a variety of topics:

- Inexperienced Crane Operator course
- Experienced Crane Operator refresher course
- Rubber Tire Gantry (RTG) Crane course
- Container Refrigeration course
- Diesel-Electric Generator course
- Maintenance & Repair course for EPA Certification

Due to the consistent increased demand for these technical Reefer, Genset and M&R courses over the last few years, we continue to add additional sessions as needed. ▲

SHIPPING INDUSTRY MUTUAL ASSURANCE ASSOCIATION (SIMAS)



PURPOSE

SIMAS was created in 1981 by special act of the Legislature of Bermuda to provide insurance coverage to the maritime industry that was previously unavailable in the commercial marketplace. It provides financial injury coverage to USMX member companies. This coverage indemnifies USMX and its members for legal costs incurred in the defense of third-party claims made against them that may arise from the implementation of the USMX-ILA Master Contract, or actions commenced by USMX members to enforce the Master Contract.

COVERAGE

SIMAS also provides excess directors' and officers' (D&O) coverage to USMX's directors and officers. SIMAS is governed by a board of directors from among USMX's board of directors and staff, and is administered locally by Marsh IAS Management Services (Bermuda) Limited. SIMAS premiums are funded through an assessment paid by all USMX member companies.

In addition to financial injury coverage and D&O coverage for USMX members, SIMAS also provides excess fiduciary liability to the Management trustees of the Management-ILA (MILA) Managed Health Care Trust Fund. The 2005 civil RICO action in the United States District Court for the Eastern District of New York is the subject of a claim under this coverage.

During 2014, various USMX member companies were able to avail themselves of coverage under SIMAS for the following legal matters:

- Automated expansion of Global Terminal in Jersey City
- Local 333 strike against Master Contract container carriers in Baltimore
- Arbitration over challenge in Charleston to the Master Contract "No Strike" provision
- The NY/NJ gray chassis pool issue ▲

MANAGEMENT-ILA (MILA) MANAGED HEALTHCARE TRUST FUND

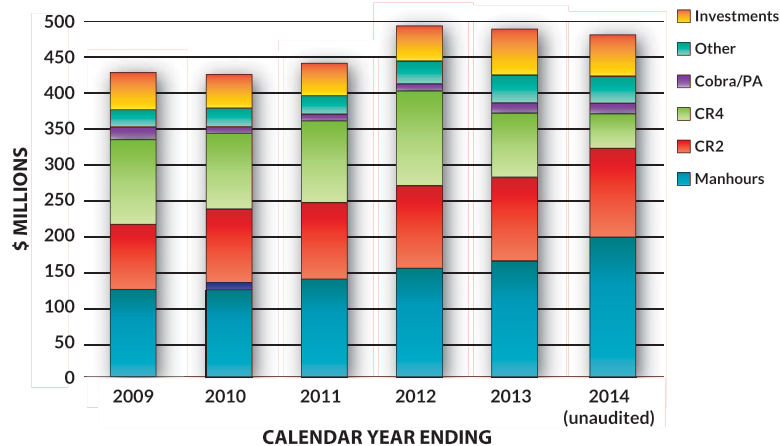
MILA continues to be one of the top-rated healthcare plans in the United States. It provides coverage to more than 60,000 active ILA members and their qualified dependents, as well as qualified retirees and certain approved non-bargaining unit employees.

MILA is primarily funded through a manhour assessment on all hours worked by ILA employees as well as a tonnage assessment on all containerized cargo moving through the ports under the Master Contract agreement. Additionally, non-bargaining unit employees pay a premium established by the Trustees for their coverage.

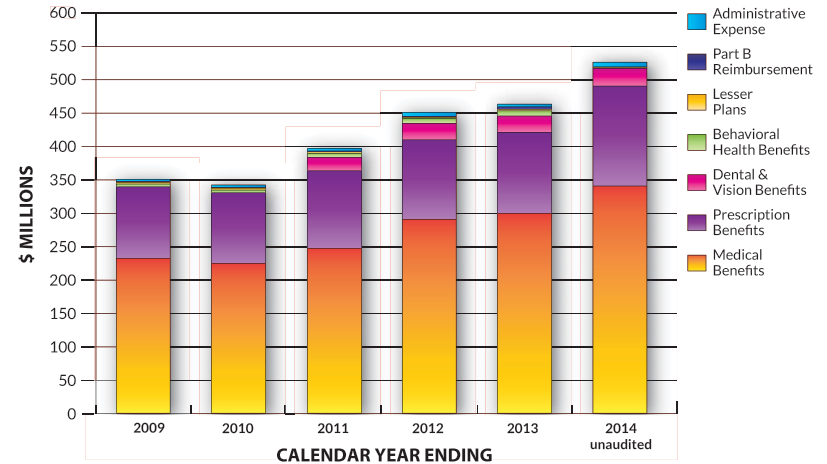
The program is jointly administered by a Board of Trustees comprising an equal number of ILA members and Management members. The MILA Board meets regularly to review the finances and the performance of the fund to ensure that it is providing the best possible services, as agreed in the Master Contract, for the best possible price as negotiated with our Benefit Managers. With the continued expansion of the Affordable Care Act, the fund faces many new challenges that will require MILA to be even more attentive to continue to meet its core objectives in the future.

The MILA staff, under the able leadership of Executive Director La Verne Thompson, and the Board of Trustees are committed to meeting and exceeding established standards required to ensure the continued success of the MILA program. ▲

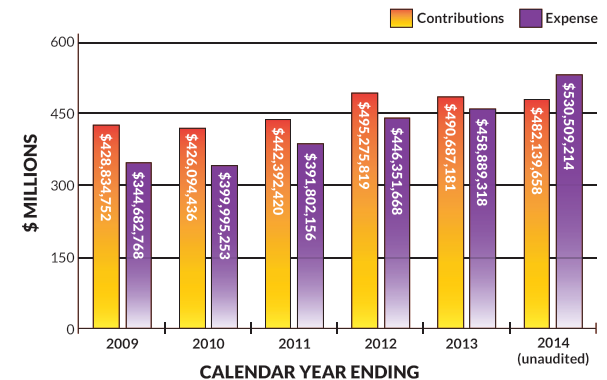
**MILA CONTRIBUTION CATEGORIES
LOOKBACK: 2009 THROUGH 2014**



**MILA EXPENSE CATEGORIES
LOOKBACK: 2009 THROUGH 2014**



**MILA CONTRIBUTIONS VS. EXPENSE
LOOKBACK: 2009 THROUGH 2014**



CONTAINER ROYALTY FUNDS

CONTAINER ROYALTY 5 TRUST FUND

The Container Royalty 5 (CR5) fund became effective at the time of the Master Contract (MC) extension agreement covering contract years 2009 through 2012, and was instituted to address the economic downturn that dramatically affected the ability of the local ILA welfare funds to meet their obligations under the Master Contract (MC). CR5 also replaced the automatic payments that had been made to the ports under the previous MC Container Royalty CAP Program. CR5 allows the industry to be able to direct funds as needed to those local welfare funds that demonstrate a shortfall in funding based on pre-approved criteria. The Fund is administered by a joint Board of Trustees from the ILA and USMX.

As the economy continues to rebound, recovery from the 2008 recession is still incomplete and lacks the subsequent investment growth required. CR5 continues to play an integral role in Management's ability to meet its obligations under the MC. During the contract year ending September 30, 2014, CR5 paid out over \$36,000,000 in applied-for assistance, in addition to the automatic payments that are required by the Master Contract.

Under the current Master Contract, the CR5 Trustees have the ability to adjust the CR5 assessment up or down, as needed, during the term of the agreement; however, the Trustees agreed to maintain the CR5 assessment at \$0.70 per long ton for the coming contract year. ▲



CONTAINER ROYALTY FUNDS

CONTAINER ROYALTY CENTRAL COLLECTION FUND

The Container Royalty Central Collection Fund (CRCCF), a joint venture of the ILA and USMX, continues its primary directive to establish an automated method to centrally collect the six current Master Contract container royalties. During the last year, CRCCF initiated its pilot program and worked to finalize the collection database programming. In conjunction with CRCCF, CCC Service Corp. developed the management reports needed to ensure accurate reporting and accounting. The fund continues to work with our Carrier partners to ensure that all who report container royalties are able to comply with the system.

Currently, CRCCF is in the process of conducting a controlled rollout with the Carriers who have demonstrated complete compliance, with a plan for full implementation at the start of the new contract year.

The benefits our member Carriers derive from the CRCCF system should be significant to providing them with a more efficient reporting system, while simultaneously increasing the accuracy of the reporting for the various funds. ▲



The officers of the CRCCF are pictured (left to right): President Charles W. Flynn, Vice President Eileen M. Mackel, and Vice President Paul J. McCarthy.



USMX and ILA: Working Together for the Benefit of All



USMX MEMBER RELATIONS & PUBLIC AFFAIRS

PORT ASSOCIATION/DIRECT EMPLOYER RELATIONS

To continue USMX's strategic goals of alignment on common concerns and developing and maintaining robust communications with our Port Association members, USMX adheres to a formal program of holding day-long meetings with this group at appropriate intervals throughout the year. These meetings routinely encompass updates on labor relations, safety and training, public affairs, legal matters and the status of the various funds established by the Master Contract. Topical agenda items are also addressed. Within the course of the past year this has included the progress of the Container Royalty Central Collection action, the establishment of the Caribbean Basin Initiative and items of interest that the Port Association members put forward. The meetings additionally provide a forum for our membership to interact with one another on a consistent basis.

USMX plans to hold a similar type meeting with its Direct Employer members in 2015, with plans to include the Direct Employers in future Port Association meetings.

USMX is also in regular contact with its Port Association and Direct Employer members on the day-to-day issues that arise during the normal course of business. Questions and concerns over the meaning of a given segment of our collective bargaining agreement surface on occasion. It is our goal to provide consistent interpretation of the document to all segments of our membership.

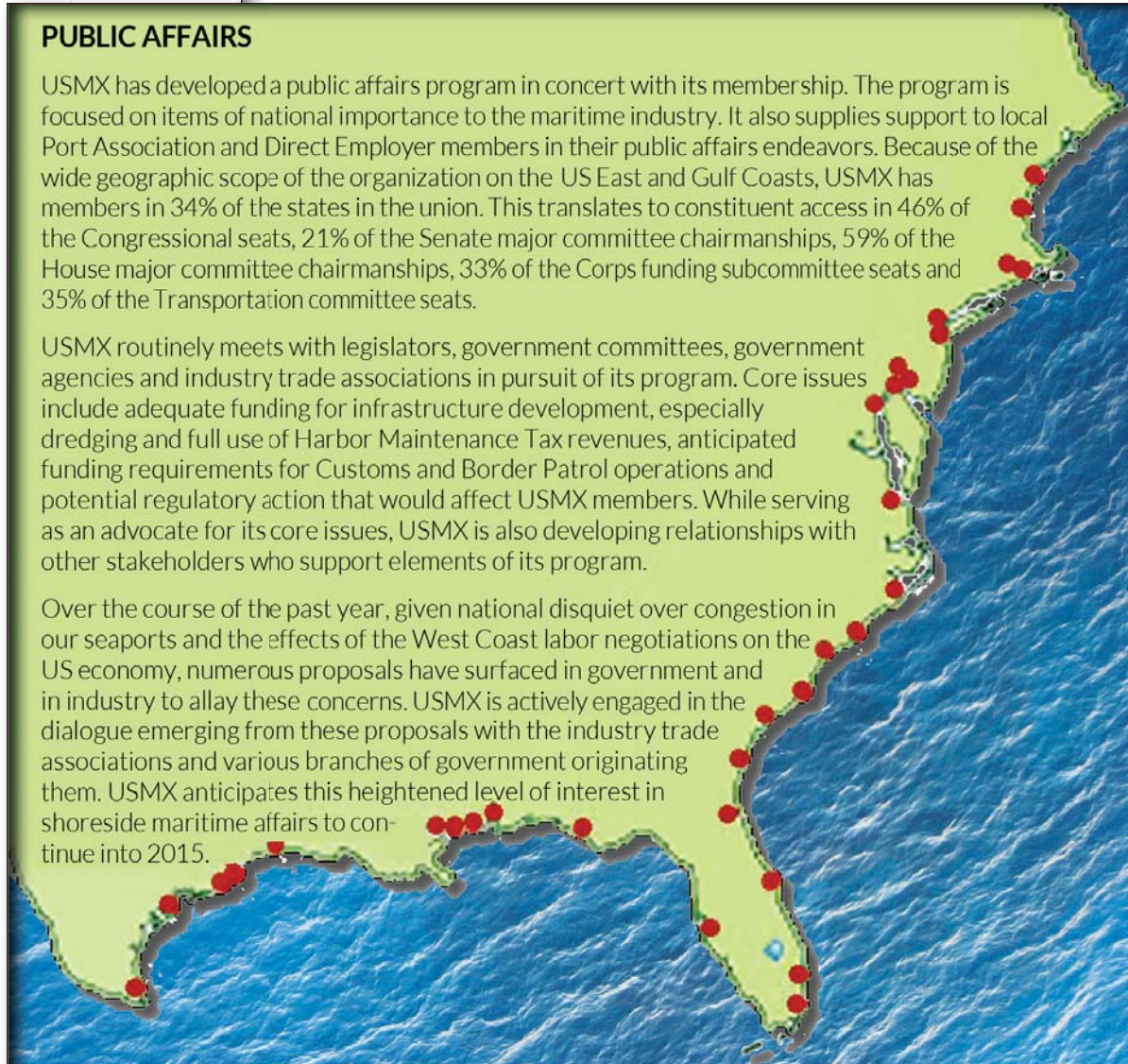
Meetings are held or communiques released on an ad hoc basis on items of significant concern wherein the membership requires either immediate notification or an update on a pending situation. ▲

PUBLIC AFFAIRS

USMX has developed a public affairs program in concert with its membership. The program is focused on items of national importance to the maritime industry. It also supplies support to local Port Association and Direct Employer members in their public affairs endeavors. Because of the wide geographic scope of the organization on the US East and Gulf Coasts, USMX has members in 34% of the states in the union. This translates to constituent access in 46% of the Congressional seats, 21% of the Senate major committee chairmanships, 59% of the House major committee chairmanships, 33% of the Corps funding subcommittee seats and 35% of the Transportation committee seats.

USMX routinely meets with legislators, government committees, government agencies and industry trade associations in pursuit of its program. Core issues include adequate funding for infrastructure development, especially dredging and full use of Harbor Maintenance Tax revenues, anticipated funding requirements for Customs and Border Patrol operations and potential regulatory action that would affect USMX members. While serving as an advocate for its core issues, USMX is also developing relationships with other stakeholders who support elements of its program.

Over the course of the past year, given national disquiet over congestion in our seaports and the effects of the West Coast labor negotiations on the US economy, numerous proposals have surfaced in government and in industry to allay these concerns. USMX is actively engaged in the dialogue emerging from these proposals with the industry trade associations and various branches of government originating them. USMX anticipates this heightened level of interest in shoreside maritime affairs to continue into 2015.



2014 PORT ASSOCIATION SUMMARIES

PORT OF BOSTON

Summary Report by
Boston Shipping Association
Richard F. Meyer, Executive Director



In the Port of Boston, 2014 saw improvements over the rather sluggish results of the 2013 year.

CONLEY TERMINAL (CONTAINERS)

- Container tonnage was up by 30% (imports and exports)
- Total containers were up by 10% with a 9% increase in export boxes and a 10% increase in import boxes

BLACK FALCON TERMINAL (CRUISE SHIPS)

- Cruise business saw a decrease in ship calls of 11%
- Passenger count declined by 20%

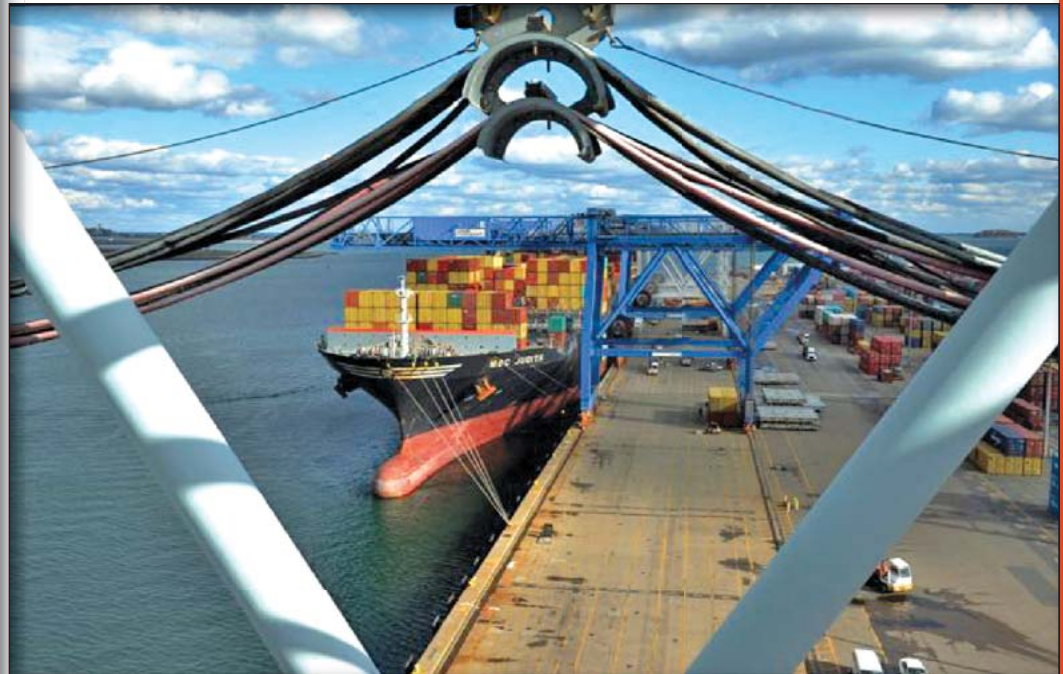
BOSTON AUTOPORT (AUTOMOBILES)

- Automobiles continued to do well
- 31% increase in imports
- 20% improvement in exports

NEW LOCAL AGREEMENT

The Port of Boston concluded negotiations with a new local agreement with the ILA that became effective April 16, 2013 and included some significant changes:

- Productivity/Guarantee: The parties agreed that a guarantee would be calculated for each vessel worked, based on an agreed number of moves (increases each year during the life of the agreement). When vessel work is complete, the ILA can go home. This new system has produced some significant increases in productivity.
- Start Times: Any hour on the hour, 6:00 AM to 10:00 PM. Six-hour guarantees for 1800, 1900, 2000 and 2100 starts.
- Hourly Rates: Simplified in contract.



DRUG & ALCOHOL POLICY

The Parties agreed to an amended Drug & Alcohol Policy effective June 6, 2014. Significant changes include:

1. Blood Alcohol Level – Presumptive above level .04 BAC
2. Random Testing – 52 random test days (any day/any time of day) – 2 union and 1 non-union per test day
3. Voluntary Test – Any employee may volunteer to be tested twice per year (birth date and 6 months later via Hair Test method) instead of random test
4. Referral/Treatment Program – Employee given opportunity to declare sample given (before results) will not be used for penalty (once in 3-year period) – must submit to treatment and no return until cleared by EAP
5. Prescription Drugs – Positive test for prescription drugs referred to MRO and treating physician to approve level of drug and safe return to safety-sensitive position ▶

LITIGATION

The BSA and one of the ILA locals continued to litigate the consequences resulting from an ILA business agent assaulting one of the BSA employers at the work site. To date, an arbitrator agreed upon by the parties concluded that Massport acted reasonably in barring the business agent from its facilities for life.

The Local also filed with the National Labor Relations Board (NLRB) and the result was a decision to dismiss the charges against the BSA (refusal to meet with business agent, refusal to allow him on premises).

The Local filed an appeal and the membership re-elected him. The NLRB dismissed the appeal, which ended the litigation.



DREDGING

The Port of Boston currently ranks 5th in terms of depth among the 10 major U.S. Atlantic Coast Ports. Our port affects the lives of all of the citizens of Massachusetts.

- 50,000 jobs are connected to Port activities
- \$4.6 billion in economic benefits related to Port activity
- 100% of the fuel for Logan International Airport arrives via the Port
- 67% of the region's petroleum needs enter through the Port
- 1,600 companies in the region use the Port to receive and ship their goods
- \$11.4 billion in commodities move through the Port annually

The shipping lines that call the Port of Boston have made it clear that we need to dredge the harbor, and the U.S. Army Corp of Engineers agrees. Their estimate is that dredging the port will double the number of containers coming into the port. It will also significantly reduce the truck traffic on the Northeast Corridor (I-95).

The Federal Government has agreed to provide \$170 million funding if non-federal funding of \$130 million is secured.

The BSA and its ILA partners are currently working hard to secure the needed local funding. ▲



2014 PORT ASSOCIATION SUMMARIES

PORT OF NEW YORK AND NEW JERSEY

Summary Report by

New York Shipping Association

John J. Nardi, President



DEFINING THE ISSUES

The lessons learned in 2013 resulted in a multitude of initiatives embarked upon in 2014 to define the changes and improvements that need to take place in the Port of NY&NJ to immediately improve our performance and prepare for the Post-Panamax era.

LABOR SUPPLY

Top on the priority list was to bolster the labor supply in our port. Over the years, overall labor supply had been reduced through attrition and on top of that, we were facing another 300 retirees in 2014. These retirees were part of the 2013 collective bargaining agreement with the ILA. On September 9, 2013, following a very difficult summer operationally due to many factors, the NYSA and the ILA made an application to add 682 Longshoremen and checkers to our rolls. Due to delays by the Waterfront Commission of New York Harbor it was not until February 4, 2014 when we actually had our first new workers



in place and training. Despite this five-month delay, as of this writing, I'm pleased to report that the industry has certified over 600 new workers, of which over 300 are military veterans. The balance of the requested labor will be certified during 2015 and our next step will be to request labor to implement the relief gang system which again was part of the historic 2013 CBA.

COUNCIL ON PORT PERFORMANCE

Labor was only one aspect of the challenges facing the Port. To address the multitude of issues, the Port Authority of NY&NJ and the NYSA created the Council on Port Performance. The Task Force established five (5) Working Groups to address a diverse set of concerns related to port productivity and performance including Drayage Operations, Intermodal Equipment, Express Rail, Government and Community Outreach and Terminal Optimization. After extensive collaboration, the five Working Groups produced 23 recommendations, which the PPTF prioritized according to impact on long-term efficiency and service reliability as well as feasibility of implementation. NYSA is actively involved in many of these working groups. Highest priority is the effort to implement a gray chassis pool to improve the overall efficiency in the port and also live up to our commitments to the ILA. Due to the hard work of the Intermodal Equipment implementation team we're making progress in this regard and are on target to have a gray chassis pool up and running in 2015. ▶



IMPLEMENTATION

In NY&NJ the Bayonne Bridge is being raised, the channels are dredged, our members have invested hundreds of millions of dollars in their facilities and the Port Authority is constantly investing in and building infrastructure. It has become a widely known fact that container throughput is a fuel that drives local economies. This is why we need to implement the remaining provisions of the 2013 CBA; this is why we need a more efficient way to hire people; and this is why the 23 recommendations of the PPTF need to be implemented.

If 2014 was about defining the issues, then 2015 needs to be about implementation. ▲



2014 PORT ASSOCIATION SUMMARIES

PORTS OF THE DELAWARE RIVER

Summary Report by

Ports of the Delaware River Marine

Trade Association

Patrick T. Dolan, President



ABOUT THE PMTA

With over 60 years of service to the Delaware River port community, the Philadelphia Marine Trade Association was incorporated in 1947; its purpose, to promote the interest of the ports of Delaware, Southern New Jersey and Southeastern Pennsylvania. Now, the Ports of the Delaware River Marine Trade Association (PMTA) represents all of the International Longshoremen's Association (ILA) employers operating at Delaware River facilities (Philadelphia, Southern New Jersey, Wilmington, DE).

MARITIME LABOR

While promotion of the region's port is at the heart of the PMTA, its activities center around maritime labor and its periphery. These activities include:

- assisting the membership in solving maritime problems, particularly those involving the hiring of waterfront labor
- maintaining harmony between management and labor
- fostering just and equitable principles and practice between labor and management in the maritime industry
- assisting in labor disputes and in the negotiation of collective bargaining contracts by management, as well as in the interpretation and administration of labor contracts
- promoting safety in the working of cargoes at the ports and to generally work for the betterment, expansion and prosperity of the port with the emphasis on labor relations
- contributing to not-for-profit organizations that would further the interest of the membership, and of the Ports of Delaware, Southern New Jersey and Southeastern Pennsylvania ▶



2014 PORT STATISTICS & NEWS

- For the contract year ending 9/30/2014, the ILA manhours worked in the Ports of the Delaware River increased to 1,570,028 for a 15.94% increase over the prior contract year. Once again, this increase in hours enabled additional members of the ILA to participate in the local fringe benefit programs as well as in the Management-ILA (MILA) Managed Healthcare Program.
- The members of the Ports of the Delaware River Marine Trade Association (PMTA), through the guidance and support of the USMX-ILA Joint Safety Committee, continue to conduct PIT Certification training. Recently, the PMTA purchased the new USMX-ILA Training programs to provide additional training locally, as well as continuing to use the USMX Crane Operator Training program at MITAGS.
- In an effort to provide the labor necessary to meet the daily demands of our customers, the PMTA and ILA Locals have agreed to offer new employees the opportunity to take a physical to elevate their status and give them a better work opportunity as a Registered Casual in the port.
- In 2014, the PMTA Executive Committee selected Ms. Gina Petrille as Vice President of the PMTA. Ms. Petrille is a graduate of Rutgers University and a former employee of Benefit Processing, Inc., the current third-party administrator of the PMTA-ILA Benefit Funds. Ms. Petrille is the first female officer of the PMTA.



CHANNEL DEEPENING PROJECT

The Delaware River and Bay continue efforts to complete deepening of the Delaware River Main Channel to 45 feet.

Efforts to secure \$62.5 million to bring this project to fruition were rewarded in January of this year when we learned that this amount, in addition to the \$35 million already included in the FY15 budget, would be included in the Corps of Engineers Work Plan. With this total funding of \$92.5 million, and with more than 80% of necessary dredging already done or scheduled to begin the first quarter of 2015, it is anticipated the Delaware River 45' Main Channel Deepening Project will be completed by 2017.

Next on the dredging agenda scheduled to begin by the first of May is dredging adjacent to Broadkill Beach. Further, the contract to perform rock analysis in the area of Marcus Hook has been signed in preparation for dredging of that section of the river by December of this year.

Dredging the channel will ensure that the Delaware River region remains competitive with other east coast ports. Once completed, this project positions the Delaware River port community to safely accommodate Post-Panamax vessels and to capitalize on the increased trade expected to occur upon completion of the Panama Canal expansion.

Clearly, deepening the main shipping channel is critical to commerce and an important regional economic development priority. Of equal importance is that this project will generate more than \$1 billion of investment in port infrastructure projects in the Delaware River region. ▲



2014 PORT ASSOCIATION SUMMARIES

PORT OF BALTIMORE

Summary Report by

Steamship Trade Association of Baltimore
Michael P. Angelos, President



CARGO

A record of approximately 9.7 million tons of general cargo were handled through the Port of Baltimore's public marine terminals in 2014. General cargo includes automobiles, containers, forest products, and break bulk cargos.

AUTOS

2014 was another record-setting year at the Port of Baltimore. By handling over 792,000 cars through both its public and private auto terminals, Baltimore remained the number one port in the U.S. for autos for the fourth consecutive year.

Baltimore's success as the premier U.S. auto port is due in large part to its geographic location as the closest East Coast port to the Midwest, its industry-renowned quality program, and having four on-dock auto processors ready to serve customers.

CONTAINERS

The Port of Baltimore experienced a record year for containers in 2014. More than 484,000 containers were handled at the public marine terminals, a 10 percent jump from 2013. Baltimore is known today as being one of the most efficient container ports on the East Coast.

With an average of nearly 40 container moves per hour per crane and single truck moves under 30 minutes, Baltimore has developed a very favorable reputation as a container port. Now, with a 50-foot deep container berth and four Super Post-Panamax cranes, Baltimore is well positioned for continued container growth.

FOREST PRODUCTS

Baltimore has long been a leading forest product port. With its damage-free reputation, state-of-the-art warehouses, quality rail, operational efficiencies, existing deep water drafts and the proximity to large consumer groups, this has always been a strong commodity for Baltimore. Changes in this industry are causing a greater look at other growth opportunities such as packaging.



Finished rolled paper saw a modest increase of 0.4 percent in 2014. With the loss of a major customer, imported wood pulp tonnage fell 24 percent. However, as the overall wood pulp imports continue a strong push into the U. S. and new pulp capacity continues to come on strong in Baltimore's key pulp trading country of Brazil, the Port expects tonnage increases with its remaining customers and the potential addition of some new customers.

ROLL ON/ROLL OFF

The Port of Baltimore still has a commanding market share for this commodity and remains the top U.S. port for the handling of farm and construction equipment. However, worldwide, this commodity is still experiencing difficulties. Roll on/roll off (RO/RO) tonnages were down in 2014 due to a reduced global mining sector and decline in construction. Continued economic woes in Europe and Russia were also contributing factors.

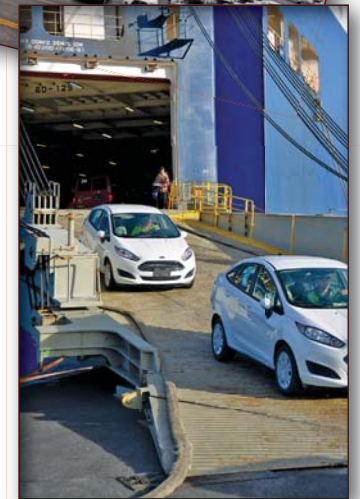
The Port of Baltimore's excellent reputation in handling RO/RO is an effective counter-balance. The Port's reputation for efficiency and quality are main factors in encouraging shippers and carriers to use Baltimore as their first point of entry. Baltimore's large and diverse group of competing carriers speaks volumes to the Port's overall operational capabilities, while the Port's geographic location to the Midwest makes it a convenient seaport for the world's leading RO/RO manufacturers. ►



BREAK BULK

Down one percent at the Port of Baltimore in 2014, many ports around the world are seeing a shift in products that traditionally were shipped as break bulk now are being shipped in containers. Container pricing has become competitive enough that products that ship in large break bulk consignments such as steel are shifting to containers. So while this tonnage may no longer be attributed to the Port's break bulk numbers – in most cases, the tonnage is still being shipped through Baltimore, but now in a container.

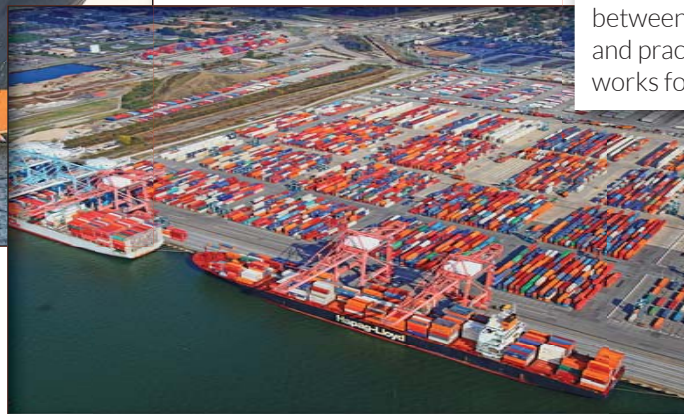
Baltimore's break bulk capabilities include a new heavy lift crane and rail capabilities allowing direct on/ off rail to ship. Three new heavy lift pads at Dundalk Marine Terminal have a capacity of 32.5 tons per axle per pad. The Port of Baltimore handles break bulk cargos such as wind energy components, transformers, locomotives, refinery and energy production. Bulk commodities handled at the public terminals include asphalt, molasses, and road salt. ▲



2014 PORT ASSOCIATION SUMMARIES

PORT OF HAMPTON ROADS

Summary Report by
Hampton Roads Shipping Association
Roger J. Giesinger, President



ABOUT HRSA

The Hampton Roads Shipping Association (HRSA) is a non-profit, civic and trade organization founded in 1971 to promote the interests of the Port of Hampton Roads and to further the common interest of those business establishments within the Port, particularly those who hire waterfront labor. The Association renders assistance to the membership in the solution of maritime problems; maintains harmony between management and labor; fosters just and equitable principles and practices between labor and management; promotes safety; and works for the betterment, expansion and prosperity of the Port. ►

FACTS ABOUT OUR PORT

- In 2014, the Port of Hampton Roads saw a 14.1% increase in manhours
- 2014 tonnage totaled more than 1 million short tons, over the 2013 year
- In September of 2014, HRSA reached a New Technology agreement with the ILA

UPCOMING PROJECTS

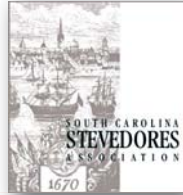
- HRSA has contracted Rostima, Ltd. to develop an electronic hiring system
- The purpose of the system will be to notify labor of the job assignments the night prior to the job, thus eliminating the time and expense of traveling to and from the hiring center ▲



2014 PORT ASSOCIATION SUMMARIES

PORT OF CHARLESTON

Summary Report by
South Carolina Stevedores Association
George W. Adams, Jr., Executive Director



2014 MEMBERSHIP

The South Carolina Stevedores Association (SCSA) represents the following:

Operating Direct Employers

- APM Terminals
- Ceres Marine Terminals
- Ports America
- SSA/Cooper

Associate Members

- Charleston Gate Company
- Charleston Linehandlers



LOCAL NEGOTIATIONS

In 2014, the Association has endeavored to come to terms with the two main Charleston ILA Locals, specifically Local 422 and Local 1771, on a local agreement dealing with two issues. The first issue is the Union's demand that we raise their pension by \$8.00 per good year of service. Due to certain liabilities, the Management side is opposed to the proposed increase.

The second issue is implementation of a fully automated gate system in Charleston. While this new technology is not currently in place, the SCSA sees this as a potential issue for further discussion with the Locals as we move into 2015. ▶



PORT PROJECTS

Inland Port

The South Carolina Inland Port in Greer, SC, celebrated its first full calendar year of operations with 42,555 total rail moves completed in 2014. The Inland Port was a significant driver of the SC Ports Authority's (SCPA) overall intermodal growth in 2014, which increased 38 percent over the previous year.



Harbor Deepening

In 2014 the U.S. Army Corps of Engineers released the *Draft Integrated Feasibility Report and Environmental Impact Statement for the Charleston Harbor Post-45*, recommending the Charleston Harbor be deepened to 52 feet. The project continues to move forward without delay, with the Chief's Report expected in September 2015 and construction to begin by the end of the decade.

Navy Base Terminal (NBT)

The construction of a new container terminal on the former Navy Base is underway and is expected to open around the same time as the completion of harbor deepening. The NBT is currently the only permitted container terminal under construction on the East Coast and will increase the SCPA's container capacity by 50 percent. ▲



2014 PORT ASSOCIATION SUMMARIES

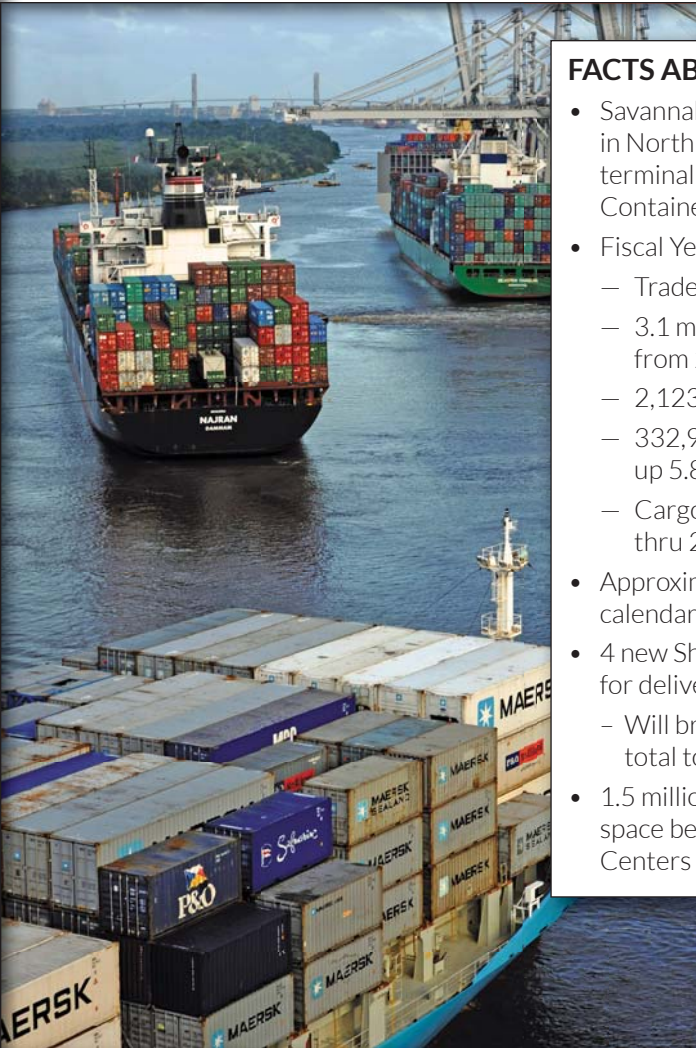
PORT OF SAVANNAH

Summary Report by
Georgia Stevedore Association
Norman L. Massey, President

GEORGIA STEVEDORE ASSOCIATION

• SHIP • THRU • GEORGIA'S • PORTS AND • SAVE •

GEORGIA



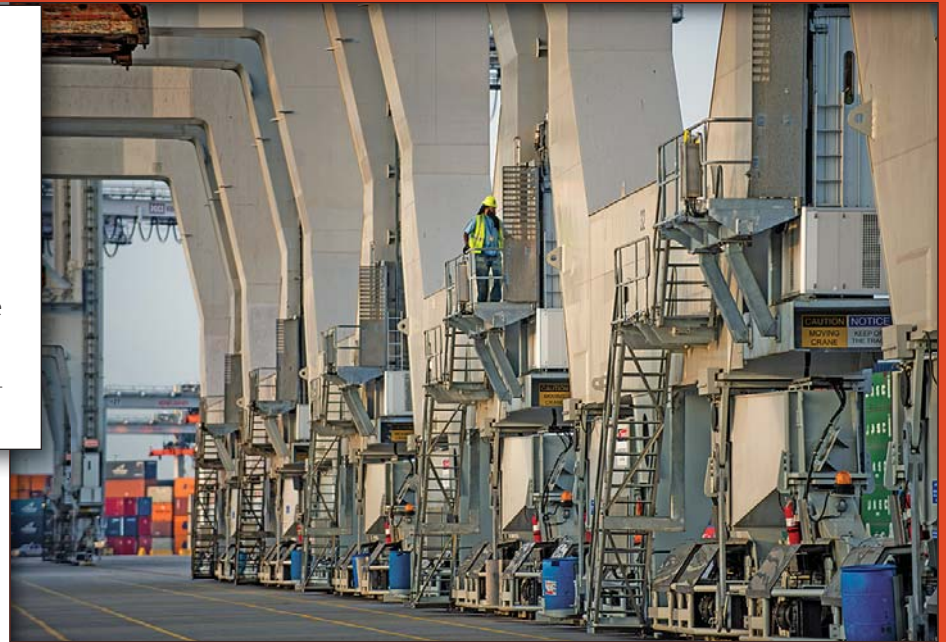
FACTS ABOUT OUR PORT

- Savannah is the largest single-container terminal in North America; the fourth busiest container terminal in the U.S., and the second busiest U.S. Container Exporter
- Fiscal Year 2014
 - Trade ratio: 53% Exports and 47% Imports
 - 3.1 million TEUs (a new record), up 6.3% from 2013
 - 2,123 vessel calls
 - 332,989 intermodal containers (a new record), up 5.8% from 2013
 - Cargo throughput grew by 19% from 2010 thru 2014
- Approximately 21 million container tons in calendar year 2014
- 4 new Ship/Shore container cranes scheduled for delivery in mid-2016
 - Will bring post- and super post-Panamax crane total to 26
- 1.5 million square feet of additional warehouse space being constructed for current Distribution Centers ▶



FACTS ABOUT OUR PORT *(continued)*

- 30-acre empty-container yard being constructed on Garden City Terminal
- Additional interchange gate complex study completed and construction slated to begin in 2015
- Savannah Harbor Expansion Project (SHEP) construction phase has begun
 - Federal funds to cover 60% of costs
 - Inner harbor project depth: 47 feet at low tide
 - Outer harbor to be extended by 7 miles, deepened to 49 feet at low tide
 - Twice daily high tides will increase inner harbor depth to 54 feet
 - SHEP will allow super post-Panamax vessels to transit the channel without tidal restrictions ▲



2014 PORT ASSOCIATION SUMMARIES

PORT OF JACKSONVILLE

Summary Report by
Jacksonville Maritime Association
James R. Gray, Jr., Executive Director



PORT OF JACKSONVILLE OVERVIEW

Three terminals, owned and managed by the Jacksonville Port Authority (JAXPORT), make up the Port of Jacksonville: Blount Island Marine Terminal, Dames Point Marine Terminal and Talleyrand Marine Terminal.

- The terminals feature 18 container cranes, on-dock refrigerated and freezer warehousing, outstanding intermodal connections, and Foreign Trade Zone status
- Jacksonville's location at the crossroads of three major railroads (CSX, Norfolk Southern and Florida East Coast Railway) and three interstate highways (I-95, I-10 and I-75) helps speed goods to market ▶



CARGO FACTS

JAXPORT and its maritime partners handle containerized cargo, automobiles/recreational boats/construction equipment (RO/RO), dry and liquid bulk cargo, breakbulk commodities, and oversized specialty cargo.

- In 2014, JAXPORT's three cargo terminals handled a total of 8.3 million tons of cargo
- JAXPORT currently ranks as the number one vehicle export port and one of the largest vehicle handling ports overall in the United States, with more than 605,000 vehicles moving through its cargo terminals in 2014

JAXPORT PROJECTS

- JAXPORT's Intermodal Container Transfer Facility is in the final stages of construction and will provide additional rail transport opportunities for discretionary cargo
- Jacksonville's Deep Water Project, designed to deepen the shipping channel to 47 feet, continues with pre-construction, engineering and design work and is scheduled for completion in 2015 ▲



2014 PORT ASSOCIATION SUMMARIES

PORTS OF SOUTHEAST FLORIDA

Summary Report by

Southeast Florida Employers Port Association
Chuck Maravolo, Secretary/Treasure



PORT MIAMI

More than \$1 billion of capital infrastructure projects are transforming Port Miami into what will be the only major logistics hub south of Virginia capable of handling fully-laden post-Panamax vessels:

Intermodal Facility Update

- The FEC railway intermodal on-dock facility is now fully operational, linking Port Miami to 70% of the U.S. population in four days or less

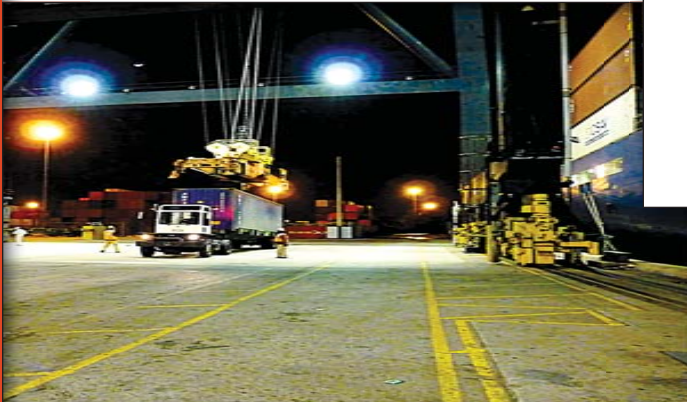
Tunnel Project Update

- The Port Miami Tunnel was completed in May of 2014 and allows passenger vehicles and trucks to go from Miami to New York or California without having to stop for a traffic signal
- The tunnel also allows the flow of traffic to by-pass downtown Miami and provides quicker access to the Port



Dredging Project Update

- Dredging of the channel to 50 feet began in August of 2013 and will be completed in 2015, to eventually accommodate the introduction of the post-Panamax vessels expected in Port upon the opening of the expanded Panama Canal in 2016 ▶



PORT EVERGLADES

Projects Update

- FEC railroad completed its new inter-modal facility, which is in full operation
- The Eller Drive overpass is complete, with direct access to and from I-595
- In partnership with the Army Corps of Engineers, efforts to widen and deepen the harbor channel are progressing, with anticipated completion in 2022



CAPE CANAVERAL

Projects Update

- Container terminal is in its final stages of completion
- Two super post-Panamax gantry cranes have been installed
- FEC railroad on-dock rail facility is in planning stages ▲



2014 PORT ASSOCIATION SUMMARIES

PORT OF NEW ORLEANS

Summary Report by
Midgulf Association of Stevedores
Nick Jumonville, President

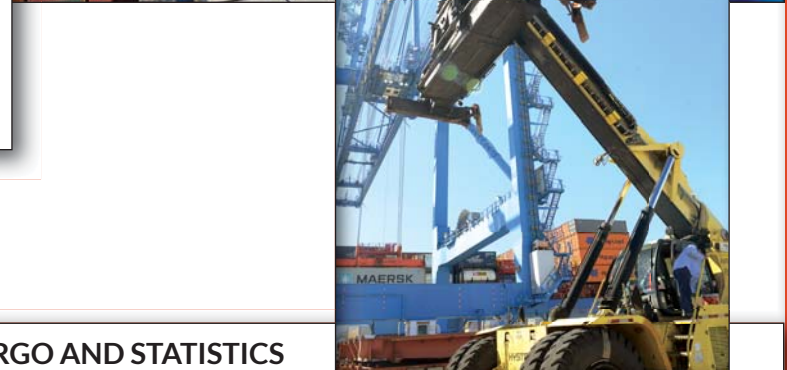
MIDGULF
ASSOCIATION OF STEVEDORES

ABOUT MIDGULF ASSOCIATION OF STEVEDORES

Midgulf Association of Stevedores (MAS) assists member companies engaged in stevedoring and terminal operations in matters relating to labor contracts, labor controversies, employee training and recruitment. It also represents members in negotiations by MAS with unions representing longshoremen or other employment ashore, and it exercises all incidental powers as may be related to these principal purposes, doing any and all things appropriate for the promotion of trade, travel and commerce in the Port of New Orleans.

PORT OF NEW ORLEANS

The Port of New Orleans was founded in 1718 by Jean-Baptist Bienville and is the world's largest port system with five deepwater port authorities along a 290-mile stretch of river. The Port is a landlord port with cargo diversity such as break-bulk, heavy-lift, containers and refrigerated cargo. The port-business mix also includes cruise ships and real estate. Additionally, the Port has super connectivity with rail, truck and ocean carriers, and it provides a tremendous inland waterway system through the Mississippi River and its tributaries.



2014 PORT CARGO AND STATISTICS

- Top commodities-imports to the Port of New Orleans are iron, steel, non-ferrous metals, natural rubber, coffee and forest products
- Top commodities-exports are chemicals, paper and pulp, and frozen poultry and other animal and vegetable products
- In 2014, cargo worked at the Port's public docks totaled 8.37 million tons, the highest total since 2000 and up 28% compared with the prior 12-month period
- Imported steel and container cargo led growth, as imported iron and steel rose 101.6% in the 12-month period to 3.54 million tons ▶

2014 PORT CARGO AND STATISTICS *(continued)*

- Overall break-bulk tons totaled 3.76 million tons, up 51.7%
- Container tons topped 4.61 million tons, up 13.5% compared with 2013
- Total port-wide cargo, which includes midstream operations, exports grain and private tonnage within the Port's three-parish (county) jurisdiction, rose 27.68% to 31.05 million tons
- Many of the Port's top commodities realized healthy gains
 - Export poultry grew by 5.5% to 331,523 tons and imported bananas grew by 251% to 72,165 tons, despite only seven weeks of cargo delivered by Chiquita Brands, LLC
- For the first time ever, cruise growth hit record highs with 1 million passenger embarkations and disembarkations
- ILA manhours for contract year 2013-2014 were 1,157,669, a 17.8% increase over contract year 2012-2013
- Also in 2014, the Port reached an all-time high container mark of 490,526 twenty-foot-equivalent units (TEUs) and is projecting well over 500,000 TEUs for 2015



FUTURE GROWTH

The advent of the following milestones will help position the Port of New Orleans for future growth:

- New shippers, such as Chiquita, which returned to the Port after a 40-year hiatus
- Project cargo generated by the growing chemical industry
- Return of Maersk Line's vessels and CMA CGM's Victory Bridge Service to Europe
- Increased cruise services
- New Mississippi River Intermodal Terminal ▲

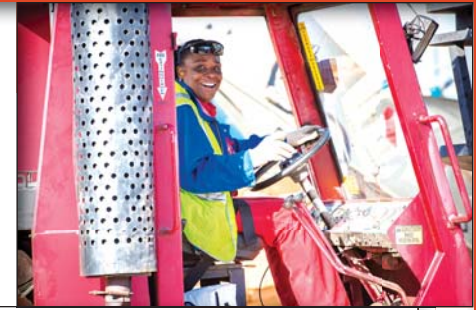
2014 PORT ASSOCIATION SUMMARIES

PORTS OF THE WEST GULF

Summary Report by
West Gulf Maritime Association
Nathan Wesely, President



WEST GULF
MARITIME ASSOCIATION



OVERVIEW

The West Gulf Maritime Association is a regional maritime trade group that covers the west Gulf from Lake Charles, Louisiana to Brownsville, Texas. Members include steamship owners, vessel operators, agents, stevedores, terminal companies, and virtually every segment of the maritime industry.

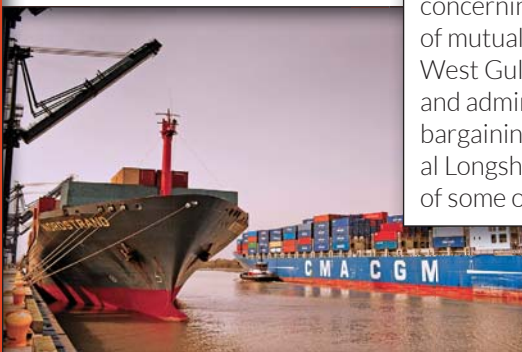
SERVICES (continued)

Payroll

As part of the administration of the collective bargaining agreements, the Association processes payroll on behalf of the stevedores in the West Gulf. This enables detailed record keeping for the industry. Twenty-four stevedores process payroll through the Association, paying ILA workers who work on virtually every type of cargo. The labor is dispatched by approximately 20 locals. A worker may work for multiple stevedores at multiple rates of pay for multiple locals in one week, but will receive one paycheck with appropriate service fees deducted for all of the various locals through which the worker has been dispatched. ▶

SERVICES

Acting through its committees appointed from the membership, the Association has two main areas of responsibility. First, the West Gulf Maritime Association is an advocate and conduit of information for the maritime industry. The Association provides a forum for discussions and exchanges of information between the member companies concerning a wide variety of industry issues of mutual interest and concern. Second, the West Gulf Maritime Association negotiates and administers multiemployer collective bargaining agreements with the International Longshoremen's Association. Illustrations of some of our services follow:





SERVICES *(continued)*

Training

The Association also coordinates the training of the ILA workers, and has implemented a real time tracking system that updates the training status of all ILA workers. The status is posted on our website so stevedores can accurately determine the certification status of each worker.

Industry Update

The Association provides daily industry updates to its members, monthly or bi-monthly membership meetings in multiple ports, and regularly interacts with governmental agencies including Coast Guard and CBP to advance the interests of industry.

Pilots

The Association engages in administrative proceedings and negotiations with pilots in all of its ports.

Legislative Advocacy

The Association coordinates advocacy trips to Austin, Baton Rouge, and Washington D.C., advocating on issues such as longshore act reform and the 29 day rule. In addition, the Association publishes a weekly legislative update for its members. ▲



2014 REPORT OF COUNSEL



The Lambos Firm, LLP — Front Row (left to right): Ann Marie Flynn, Esq., Carol Notias Lambos, Esq. Back Row (left to right): Ian A. Weinberger, Esq., William M. Spelman, Esq., Donato Caruso, Esq., Richard J. Ciampi, Jr., Esq., James R. Campbell, Esq.

2014 REPORT OF COUNSEL (continued)

During 2014, USMX was invited to participate in local bargaining in those ports that still had not reached agreement on a local contract: Baltimore, Charleston, and Mobile. All three ports remained unsettled at year-end.

MASTER CONTRACT ISSUES

USMX v. ILA Local 333 (Baltimore Strike/Arbitration)

On July 1, 2014, USMX commenced a joint action with the Steamship Trade Association of Baltimore in the federal district court in Maryland to confirm the \$3.9 million Arbitration Award issued on January 24, 2014 by Arbitrator M. David Vaughn and to obtain a judgment against ILA Local 333 for the full amount of the Award.

Limited discovery was allowed by the court, which was concluded by year-end. Dispositive pre-trial motions were due in early 2015. The lawsuit was unresolved at year-end due to the failure of the local parties to reach agreement on a new local contract in Baltimore. The \$3.9 million award remained unenforced at year-end.

Chassis Shortages: Port of New York and New Jersey (NY/ NJ)

During 2014, USMX continued its efforts to address chassis shortages in the Port of NY/ NJ. USMX held meetings with the ILA, New York Shipping Association, Inc. (NYSA), the Metropolitan Marine Maintenance Contractors' Association (MMMCA), and three chassis-leasing companies to work on provisions that would ensure the preservation of work for those employees covered by the NYSA-ILA and NYSA-MMMCA collective bargaining agreements.

USMX-ILA Master Contract: New Technology, Hampton Roads

During 2014, USMX assisted Virginia International Terminals, LLC (VIT), the Hampton Roads Shipping Association (HRSA), and ILA locals 1624 and 1970 in discussions about VIT's implementation of new technology at Norfolk International Terminals, which included a more efficient terminal-operating system coupled with a new gate system and a global-positioning system.

The discussions revolved around the technology's impact on the ILA workforce and the protection of any employees who might be displaced by the new technology. Effective September 30, 2014, VIT and HRSA executed separate agreements with Local 1624 and Local 1970, which resolved the new technology issues.

USMX-ILA Jurisdiction Committee: Baltimore Issues

During 2014, the USMX Jurisdiction Committee met in Baltimore to address jurisdictional issues raised by ILA Locals 333, 953, and 1429, including the claim that ILA longshore employees were not being employed to perform ILA work at Dundalk Marine Terminal and Seagirt Marine Terminal. The Committee toured the terminals during its visit.

The Committee determined that any traditional repair work done by the carriers in the port area belongs to the ILA and also identified Master Contract work that belongs to the ILA. The Committee is still reviewing its final report with respect to balancing the right of the ILA to perform the work with the right of management to use non-ILA employees, when there are no ILA employees available.

USMX-ILA Local Industry Grievance Committee: Port of Philadelphia - Repair and Maintenance of Containers

During 2013, the ILA had filed the first of several grievances against some USMX carrier-members alleging violations of the Master Contract by failing to use employees covered by the Master Contract to repair and to maintain containers in the Port of Philadelphia. In early 2014, the terminal operator at the Packer Avenue Marine Terminal filed unfair labor practice charges against the ILA with the Philadelphia office of the National Labor Relations Board (NLRB). The charges related to the maintenance and repair work on containers and generator sets utilized by these USMX carrier-members.

In July 2014, the NLRB's Division of Advice concluded that the terminal operator's charges did not have merit, and the charges were withdrawn. The NLRB upheld the ILA's grievances as valid because they sought to preserve the work that Master Contract bargaining-unit employees have traditionally performed in both Philadelphia and other Master Contract ports. The withdrawal of the unfair labor practice charges against the ILA means that the ILA's grievances against the USMX carrier-members can now proceed under the Master Contract's grievance-and-arbitration machinery. At year-end the grievances were under discussion at the local level in Philadelphia.

Strike Threats: Port of Charleston

Local negotiations between the South Carolina Stevedores Association (SCSA) and the ILA longshore and clerical locals in the Port of Charleston continued throughout 2014, along with threats of a strike by the ILA. The ILA leadership continued to insist that the ILA can strike containerized and RO-RO cargo. A two-day arbitration was held in October 2014 to resolve the issue. ▶

2014 REPORT OF COUNSEL *(continued)*

In December, Arbitrator John E. Sands issued his Opinion and Award, holding that the Master Contract's no-strike clause bars strikes against Master Contract vessels and cargoes in ports where local agreements have not been concluded. Arbitrator Sands further held that Arbitrator Vaughn's ruling in Baltimore also bound Charleston because the issues before both arbitrators were identical, thereby providing consistency in the implementation of the Master Contract in all Master Contract ports.

USMX-ILA Technology Committee: Port of NY/NJ

USMX has been assisting its terminal-operator members in the Port of NY/NJ to expand their terminals to incorporate state-of-the-art terminal-operating systems with enhanced container-transport equipment and new, automated, stacking cranes. The USMX-ILA Technology Committee has met to review the elements of the planned expansions in order to determine the impact of this new technology on the ILA workforce. Confidential information was provided to the ILA pursuant to a Confidentiality Agreement. In 2014, Agreement was reached with the longshore, checkers, and maintenance locals in the Port of NY/NJ on all but one issue involving the ILA's request for additional manning to ensure the safety of truck drivers.

2014 FEDERAL JUDICIAL, LEGISLATIVE, AND REGULATORY ACTIVITY: SUPREME COURT OF THE UNITED STATES

Recess Appointments Are Invalid

In *National Labor Relations Board v. Noel Canning*, 573 U.S. _ (2014), the Supreme Court of the United States issued a unanimous 9-0 decision holding that the recess appointments to the National Labor Relations Board at issue were invalid, since they were made during an intrasession recess of fewer than ten days. The decision affirmed that the president's appointment power extends to vacancies that occur both before and during a period when the Senate is in recess, but that the length of the period must be ten days or more. The recess at issue in *Canning* was three days. The Court's ruling called into question over 700 NLRB decisions made between January 4, 2012 and August 2, 2013, as well as the appointments of several NLRB Regional Directors.

Screening Time Is Not Compensable

In *Integrity Staffing Solutions, Inc. v. Busk*, 574 U.S. _ (2014), the Supreme Court ruled 9-0 that the Fair Labor Standards Act (FLSA) does not require

employers to pay employees for time spent waiting for and undergoing anti-theft security screenings after clocking out after their shifts have ended because those screenings are not integral and indispensable to the employees' work activities as required by the FLSA.

NATIONAL LABOR RELATIONS BOARD (NLRB)

Employees Can Use Company E-mail for Union Activity

In December 2014, the NLRB ruled that employees who have been given access to their employers' e-mail systems can use those systems on non-working time to communicate with each other regarding self-organization and the terms and conditions of their employment pursuant to Section 7 of the National Labor Relations Act, 29 U.S.C. § 157. (See *Purple Communications, Inc.*, 361 N.L.R.B. No. 126 (2014).

The 3-2 decision overturned an earlier 2007 NLRB decision that had held employees had no statutory right to use their employers' e-mail systems for Section 7 purposes and marked a radical departure from longstanding NLRB and court precedent. The decision is a significant one because Section 7 applies to all employers, not just those that employ unionized workers, and it will have a significant effect on how employers draft and implement workplace policies regarding the use of e-mail and other electronic communications. However, the Board did impose certain limitations.

The decision does not apply to non-employees (e.g., union organizers) or any other type of electronic communication. The decision applies only to employees who have already been given access to an employer's e-mail system and does not require employers to provide such access if none was previously provided. In its decision the Board announced that it would apply the new rule retroactively to all pending cases.

NLRB Representation Election Time/ine Is Tightened

In 2011, the NLRB had adopted sweeping changes that eliminated certain pre-election rights of employees and employers and shortened the time before a representation election could take place. The expedited representation-election rule (Rule) was in effect only from April 30, 2012 to May 14, 2012 because only two members of the NLRB participated in the final vote to pass it, instead of the three needed to constitute a Board quorum.

In February 2014, the NLRB renewed its efforts and issued similar proposed changes in the Federal Register to speed up the representation-election process. Witnesses at a congressional hearing held in March ►

2014 REPORT OF COUNSEL (continued)

testified against the Rule because it stifles an employer's free speech, seriously invades employees' privacy, gives workers as few as ten days to consider all the consequences of joining a union and voting in an election, and limits the time for an employer to prepare for a pre-election hearing to eight days.

The Rule also delays answers to questions such as voter eligibility until after workers have cast their ballots and limits an employer's ability to raise additional issues or concerns throughout the election process. In December 2014, by a 3-2 vote the NLRB approved the 733-page Final Rule. The Rule tips the scale in favor of unions in representation elections and is scheduled to take effect on April 15, 2015.

TRANSPORTATION WORKER IDENTIFICATION CREDENTIAL (TWIC) PROGRAM

TWIC Enrollment/Renewals

As of November 2014, there were 2.9 million TWIC enrollments with 2 million active TWIC cards in use. The first five-year TWICs issued expired on December 31, 2014. Until that date eligible TWIC holders were able to obtain three-year replacement cards at a lower fee and without having to go through the standard five-year renewal process at an enrollment center. By the end of 2014, there were almost 390,000 Extended Expiration Date (EED) TWIC activations. The opportunity to obtain an EED TWIC expired on December 31, 2014.

Effective July 1, 2015, TWIC applicants who were born in the United States and who claim United States citizenship must provide documents to prove their citizenship. Until July 1, 2015, TWIC applicants who were born in the United States may continue to certify that they are United States citizens by checking the box on the electronically-signed TWIC application and providing the documents listed on the Universal Enrollment Services website.

United States Customs and Border Protection (CBP): Private-Sector Financing

During 2013, CBP had proposed creating public/private partnerships that can fund the replacement of CBP's aging fleet of non-intrusive inspection equipment, including VACIS (Vehicle and Cargo Inspection System) machines that use gamma-ray imaging, as well as fund actual CBP cargo inspections.

Effective January 2014, CBP and the United States General Services Administration (GSA) were authorized to accept donations of real property, personal

property (including monetary donations), and non-personal services from private sector and government entities. These donations may be used for activities related to the construction, alteration, operation, and maintenance of an existing CBP-owned land port of entry, existing leased space at a CBP air or sea port of entry, or a new or existing GSA-owned land port of entry.

CBP and GSA can also entertain requests for expanded services and improvements to infrastructures through Reimbursable Service Agreements. Reimbursable services include customs, immigration, and agricultural processing; salaries for additional staff; and overtime expenses at airports.

This is a controversial program that has raised concerns among terminal operators that are competing for CBP's services. During the first round of the program in 2014, the Port of Miami used the Reimbursable Services Program to pay CBP personnel for the clearance of passengers on after-hour ferries. During the second round of the program, shippers at the Ports of Houston, Philadelphia, Wilmington, Delaware, Port Everglades, Florida, and Wilmington, North Carolina were seeking to pay for CBP overtime and additional staffing during regular service hours when there is an increase in volume. The next application period will be announced in early 2015.

Cyber-Related Security

In a notice published in the *Federal Register* on December 18, 2014, the Coast Guard requested public input on eight specific questions from the maritime industry and other interested parties on how to identify and how to mitigate potential vulnerabilities of cyber-dependent systems. 79 Fed. Reg. 75,574 (2014). Cyber security is a high-priority issue for government regulators.

Seafarers' Access to Maritime Facilities

On December 29, 2014, the United States Coast Guard published a Notice of Proposed Rulemaking in the *Federal Register* that would require each owner or operator of a facility regulated by the Coast Guard to implement a system that provides seafarers and other individuals with access between vessels moored at the facility and the facility gate, in a timely manner, and at no cost to the seafarer or other individual. 79 Fed. Reg. 77,981 (2014).

The proposed rule would help to insure that no facility owner or operator denies or makes it impractical for seafarers or other individuals to transit through the facility and would require owners and operators to document their access procedures in their Facility Security Plans. Comments were due in early 2015. ►

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

Occupational-Injury-and-Illness-Recording-and-Reporting Requirements

In the fall of 2013, the United States Department of Labor had announced its intention to take final action in 2014 with regard to OSHA's proposed rule that greatly expands the scope of injuries that must be reported to OSHA on an expedited basis. The Final Rule was published in the *Federal Register* on September 18, 2014. 79 Fed. Reg. 56,130 (2014).

Effective January 1, 2015, all employers subject to federal OSHA jurisdiction, even those who are exempt from maintaining injury-and-illness records (*e.g.*, any employer with ten or fewer employees or certain low-hazard industries), must report to OSHA

- within eight hours all work-related fatalities, if the fatality occurs within thirty days of the incident, and
- within twenty-four hours all work-related in-patient hospitalizations (including those due to a heart attack, if the heart attack is work-related), amputations and losses of an eye, if the reportable event occurs within twenty-four hours of the incident.

Previously, employers were only required to report to OSHA within eight hours any work-related incident that resulted in an employee's death or the in-patient hospitalization of three or more employees.

Vertical Tandem Lifts (VTLs) Final Rule

On April 21, 2014, OSHA published its Final Rule on the implementation of the court-ordered remand of certain portions of the VTL rule, which limits the container corner-casting and twist-lock inspection requirement to shore-to-ship VTLs. Ship-to-shore VTLs will be subject to an inspection regime that requires containers [in a VTL configuration] to be inspected for visible defects prior to hoisting and prohibits damaged containers from being hoisted in tandem. The Final Rule repeals the section that prohibited the lifting of flatrack containers in a VTL configuration, but maintains a limit on the number of flatrack containers that can be lifted. The Final Rule became effective on July 21, 2014.

MULTIEMPLOYER PENSION REFORM ACT OF 2014 (MEPRA)

Attention focused intently on the problems of multiemployer plans in November 2014 following the release of the Pension Benefit Guaranty Corporation's (PBGC) fiscal 2014 annual report, which showed a record \$42.4 billion deficit in the multi-employer program and a 90% chance of insolvency by the PBGC by 2025. As part

of a federal spending bill that President Barack Obama signed into law on December 16, 2014, MEPRA authorizes the PBGC to increase 2015 multiemployer annual premiums from \$13 to \$26 per participant.

For all plans, the new law makes permanent the zone designations based on funding levels that were created by the Pension Protection Act of 2006, which had been scheduled to expire on December 31, 2014. Plans funded at 80% or better are in the green zone. Those classified as either endangered (yellow zone) or critical (red zone, typically less than 65%-funded) must take specific corrective actions to improve their funded status.

Many of the provisions of the new law affect severely underfunded plans, that is, those in "critical and declining" status. To warrant that designation, trustees must project insolvency within 15 years – but 20 years in the case of plans with more inactive than active participants – and must have tried all other measures to improve the funding level.

MEPRA also authorizes the suspension or reduction of pension benefits that have already been earned or are being paid in certain circumstances. This will be a dramatic change for workers, since federal pension law previously prohibited such cuts. MEPRA also greatly increases a multiemployer plan's disclosure obligations to participants and other entities.

INTERNATIONAL MARITIME ORGANIZATION (IMO)

The IMO had been wrestling with the issue of weighing loaded containers for years. In September 2013, an IMO subcommittee considered an amendment to the United Nations' Safety of Life at Sea Convention that would require the weight of containers to be verified by a shipper either by weighing the loaded container or by calculating the weight by weighing all packages and cargo items using a certified method approved by a competent authority of the state in which the packing was completed. The amendment was presented to and approved at the IMO's Maritime Safety Committee meeting in May 2014. The Safety Committee met again in November 2014 and approved implementation of the amendment effective July 1, 2016. ▲



2014 INDUSTRY HAPPENINGS

UPDATE: PANAMA CANAL EXPANSION PROJECT

Background

The Panama Canal Expansion project is based on six years of research, which included more than 100 studies on the economic feasibility, market demand, environmental impact and other technical engineering aspects. The project will create a new lane of traffic along the Canal through the construction of a new set of locks, doubling capacity and allowing more traffic to traverse the canal. The existing locks allow the passage of vessels that can carry up to 5,000 TEUs. After the expansion, the post-Panamax vessels will be able to transit through the canal with up to 13,000 TEUs, and will double the Canal's capacity, having a direct impact on economics of scale and international maritime trade.

The project consists of several components:

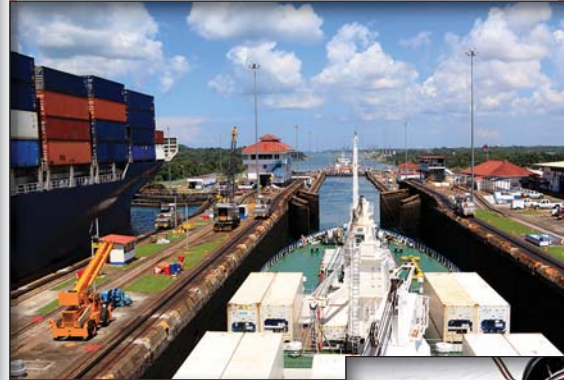
- New locks (third set)
- Pacific access channel
- Improvement of navigational channels (dredging)
- Improvements to water supply

Work on the Canal Expansion began in September 2007 at a total cost of \$5.2 billion USD. The expansion is the largest project at the Canal since its original construction in 1904.

Panama Canal Expansion Progress: As of December 31, 2014

PROJECT COMPONENT	% COMPLETE
Total Project	83
Pacific access channel	82.2
Pacific entrance dredging	100
Atlantic entrance dredging	100
Gatun Lake & Culebra Cut dredging	88
Raising Gatun Lake's maximum operating level	87
Design/construction of 3rd set of locks	80

Facts courtesy of Canal de Panamá ▲



2014 INDUSTRY HAPPENINGS (continued)



GLOBAL CONTAINER TERMINALS USA

For Immediate Release

Global Terminal Expansion Grand Opening

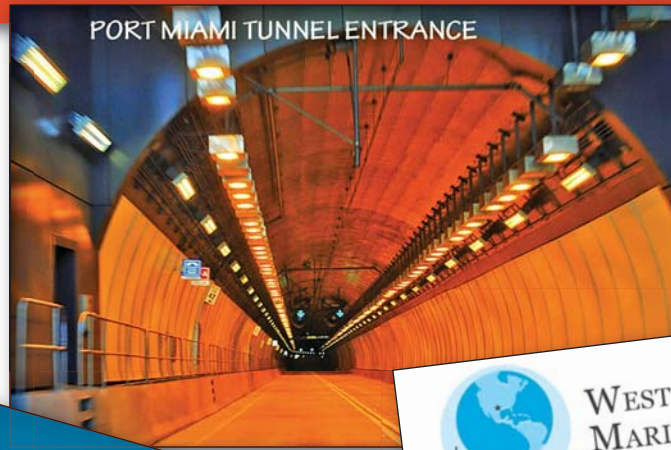
BAYONNE, NJ – Following its first successful commercial lift handled on June 13, 2014, GCT Global Container Terminals Inc. (GCT) today celebrated the grand opening of its newly expanded, semi-automated facility in Bayonne. Global Terminal will be the most productive marine terminal on the US East Coast once complete in summer 2014.

Following four years of careful planning and construction, more than 400 of GCT's valued customers, stakeholders, vendors, contractors, workforce, and staff were on hand to witness the efficiency and optimization that is at the heart of the container terminal. Guests watched the seamless transaction speed showcased at GCT, allowing it to lead the way to Big Ship Readiness in the harbour.

Global Terminal was designed with safety in mind. The semi-automation of container handling combined with the comprehensive training is a major contributor to improved terminal safety and the development of skilled opportunities for the workforce. Infrastructure and most reliable technology to service the largest vessels transiting the Suez and Panama canals.

"In all GCT's operations, densification is our strategy to avoid the use of a canal as container volumes grow," said Stephen Edwards, President and CEO of Global Container Terminals Inc. "With the modernized terminal now online, we are providing the most productive capacity and capability to support our customers in realizing their growth plans."

About GCT Global Container Terminals Inc.
 Headquartered in Vancouver, BC, GCT Global Container Terminals Inc. is a leading provider of container terminals through three principal businesses in North America: GCT Global Container Terminals Inc. in Vancouver and Delta, British Columbia; New York Container Terminal & Global Terminal & Container Terminal in New York.





PORT MIAMI TUNNEL ENTRANCE


FLORIDA EAST COAST RAILWAY

Connecting Florida to the world.

Providing Safe, Timely and Efficient Rail Logistics Solutions to meet Domestic and International customer needs.

www.fecrwy.com



WEST GULF MARITIME ASSOCIATION

AUGUST 22, 2014

LEGISLATIVE UPDATE

Federal Update

Congress is currently in recess

BILLS:

H.R. 5350, the American Renaissance in Manufacturing Act (Rep. Mullaney, R-SC), enhances the competitiveness of American manufacturers and exports in the global marketplace by providing tax relief, regulatory relief, liability relief, and ensuring access to abundant and affordable supplies of energy.

S. 2257, America Competes Reauthorization Act of 2014 (Sen. Rockefeller, D-WV), invests in innovation through research and development, to improve the competitiveness of the United States.

State Update


On August 26, 2014, the House Committee on Transportation will **hear** invited and public testimony examining the implementation of legislation pertaining to oversize/overweight vehicle permitting and enforcement.

TRANSPORTATION TUESDAYS

Join us monthly for a free breakfast as we connect with elected officials important to our maritime community

September 16, 2014 at 8:00 am WGMA Office

Hear from



Houston Council Member Dave Martin

Click here to RSVP



WEST COAST NEGOTIATIONS





DELAWARE RIVER MAIN CHANNEL DEEPENING

2014 INDUSTRY HAPPENINGS (continued)

21st Annual International Maritime Hall of Fame Awards
 Congratulations 2014 Ship's Lookout Award Honorees

Carol Notias Lambos
 Partner, The Lambos Firm, LLP

Peter Friedmann
 Executive Director, Agriculture Transportation Coalition

Jorn Hinge
 President & CEO, United Arab Shipping Company (SAG)

Lambros C. Varnavides
 Managing Director & Global Head of Shipping, Royal Bank of Scotland

Wolf von Appen
 President, Ultramar Agencia Maritima Ltda.
 Director, Ultramar, Grupo Ultramar

United States Maritime Alliance, Ltd.

US MX United States Maritime Alliance, Ltd.
 Proudly Salutes the
 Foreign Commerce Club of NY's
 100th Annual
 Steamship Night Dinner
 Congratulations,
 2014 Honored Guest Speaker
Harold J. Daggett
 President
 International Longshoremen's Association, AFL-CIO

Photo Courtesy of Dominick Tanno Photography

JOBS WITH JUSTICE EDUCATION FUND
presents
THE ELEANOR ROOSEVELT HUMAN RIGHTS AWARDS CELEBRATION

November 20, 2014

National Museum of Women in the Arts
 Washington, D.C.

2014 CONNIE AWARDS

Join in honoring
Claudio Bozzo

CII Lifetime Achievement Award

Joseph Bonney

December 8

11:45 a.m. - 2 p.m.

Metropolitan Room at the Newark Club
 1 Newark Center, Floor 22
 Newark, NJ



CONNIE RECIPIENT



Claudio Bozzo, President and CEO of Mediterranean Shipping Company (USA) will be awarded the 2014 Connie Award for his leadership in developing his company into one of the largest and successful container shipping ocean carriers.

In 1994, Mr. Bozzo, 47, joined MSC in New York City as a clerk in the intermodal department. From there, he moved up the ranks and managed almost all the departments at the company. It was in 2005 that Mr. Bozzo was appointed President and CEO and has been in that position since. Under Mr. Bozzo's leadership, MSC now employs 1200 people in the U.S. MSC is now the second largest steamship line in the world and the largest carrier of containerized cargo in the U.S.

LIFETIME ACHIEVEMENT

Joseph Bonney will be awarded the Lifetime Achievement Award. The award is tendered to those who have not been operationally involved in transportation but have made contributions in support businesses. As Senior Editor of *The Journal of Commerce*, Mr. Bonney will be recognized for his dedication to journalism excellence in covering the maritime industry for more than 30 years. He is co-author of "The Journal of Commerce Changed The History of Shipping" published in 2006 by the



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 &
 PATRIOTS' PATH COUNCIL

2014 MARITIME & LABOR GOOD SCOUT AWARD LUNCHEON

CONGRATULATIONS "GOOD SCOUT" HONOREES

IAN S. CAIRNS
 Chief Executive Officer
 Terminal Link USA - CMA CGM Group

HERBERT H. ...
 Business ...
 International ...

CONGRATULATIONS
 New York/New Jersey
 Foreign Freight Forwarders
 and Brokers Association

2014 PERSON OF THE YEAR
Lea Bogatch-Genossar
 President
 ZIM Americas, Canada & Caribbean

GBS

US MX United States Maritime Alliance, Ltd.

2014 INDUSTRY HAPPENINGS (continued)

NMSA
2014

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**2014 Transportation Outlook:
Challenges and Solutions**

**Charleston Seminar and
Networking Event
May 20, 2014**
Renaissance Charleston Historic
District Hotel
Charleston, South Carolina
10:30 am - 5:00 pm
Followed by reception

Speakers include
Antwaun Griffin,
U.S. Dept. of Commerce,
and Jim Newsome,
South Carolina Ports
Authority, among other
industry and
government
leaders

\$125, include
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**S.C. International
Trade Conference**

September 8-10, 2014

NAWE
NATIONAL ASSOCIATION OF WATERFRONT EMPLOYERS

2014 SEMI-ANNUAL MEETING
Monday, April 7th - Tuesday, April 8th, 2014

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Washington, DC 20006
202.638.6600

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Morgan Lewis

2014 Collective Bargaining Conference
March 31-April 1

labor and employment

Please join us for our 19th
Collective Bargaining Conference.

This conference will bring together Morgan Lewis attorneys, senior-level labor relations professionals, in-house counsel, and other professionals with firsthand knowledge of the field to discuss the following topics:

- Recent trends in collective bargaining
- An update on past challenges to National Labor Relations Board (NLRB) regulations and rulings and the NLRB's likely response

when
Monday, March 31, 5:30 pm | co
Tuesday, April 1, 8:30 am -

where
Morgan Lewis
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Through Public/Private Partnerships

14th Annual
Port of New York-New Jersey
PORT INDUSTRY DAY

VIRGINIA MARITIME ASSOCIATION'S INTERNATIONAL TRADE SYMPOSIUM

It's All About Bigger Ships

NORFOLK WATERSIDE MARRIOTT, NORFOLK, VA **May 8, 2014**

JAXPORT
LOGISTICS & INTERMODAL CONFERENCE



HOLE IN THE WALL GANG CAMP FUND CHARITY OUTING

The 21st Annual Hole in the Wall Gang Camp Fund Golf Tournament was held on Monday, May 19, 2014, under sunny skies and was a huge success. Representatives from ILA and USMX (and their member companies) participated in this event and raised over \$130,000 for the Hole in Wall Gang Camp for children with cancer and other life-threatening illnesses.

Accepting the check presented by labor and management (in the photo at left) are members of the Gaal family, whose daughter Maggie is a former camper. From right to left are USMX Chairman & CEO Dave Adam, ILA President Harold Daggett, Hole In the Wall Gang Camp Chairman of the Board Ray Lamontagne, former camper and guest speaker Maggie Gaal, and her parents Heather and Jeff Gaal.

Former camper Maggie wowed the crowd with her inspirational speech and her video presentation, in which she described her life with cancer (including having one of her legs amputated because of the illness), her life-changing experiences at camp, and her ability to continue her passion of dance, crediting the joy and energy she received from attending the Hole in the Wall Gang Camp. Ray Lamontagne praised the ILA, USMX and the maritime industry for helping raise over \$2.5 million for the camp since 1994.



The Hole in the Wall Gang Camp was founded in 1988 by Paul Newman with one simple premise in mind: that every single child, no matter their illness, could experience the transformational spirit and the lasting friendships that go hand in hand with camp.

The Hole in the Wall Gang Camp is dedicated to providing "a different kind of healing" for seriously ill children and their families throughout the Northeast, free of charge. It's a community that celebrates the fun, friendship and spirit of childhood where every kid can "raise a little hell."





CCC SERVICE CORPORATION

UPDATE

2014 was a busy year for CCC Service Corp. (CCCSC). This division of USMX is currently responsible for providing the following essential services on its behalf:

- Administration of reporting/payment of USMX member assessments
- CCCSC, in conjunction with CRCCF, has been involved in the preliminary programming and startup steps in the lead-up to the late-2015 launch of the Container Royalty Central Collection Fund system, see *2014 USMX Annual Report, page 23*
- Performance of payroll/general accounting/financial reporting functions for USMX
- Information technology services
- On April 1, 2014, Stephen Fromin, CCCSC Manager of Assessments Collections & Reporting, retired after having worked with the company since its inception in 2002
 - In late January 2014, Daniel Melvin was hired as Mr. Fromin's replacement
- From mid- to late-2014, CCCSC was integrally involved in the coordination and preparation of the 2015 office relocation from Iselin to Lyndhurst ▲



CCCSC STAFF

*Front row, left to right: Kelly Ryan, Mary Ann Decha, Eva Bata, Diane Trapp, Emma Roginskaya.
Back row, left to right: Richard Glogowski, Daniel Melvin, Joseph Marino, Naum Samardin,
Nigel Jenkins.*

HISTORY OF CCC SERVICE CORPORATION

CCC Service Corporation (CCCSC) was incorporated in the State of Delaware on April 3, 2002, as a for-profit stock corporation, for the purposes of providing accounting, administrative and information technology (IT) services to membership and port associations in the maritime and related industries. CCCSC commenced operations on July 1, 2002.

In 2002, United States Maritime Alliance, Ltd. (USMX) and New York Shipping Association, Inc. (NYSA), both related parties, invested in an ownership interest of CCCSC, split 60% and 40%, respectively. On June 25, 2009, USMX acquired all of NYSA's common shares of CCCSC, taking 100% ownership of CCCSC.

In early 2011, CCCSC applied for tax-exempt status, and, effective May 3, 2011, received its tax exemption from the Internal Revenue Service, thereby qualifying as an organization under Section 501 (c)(6), and not subject to federal or state income tax.

USMX OFFICERS & STAFF



Ole A. Sweedlund
Executive VP, Administration



David F. Adam
Chairman &
Chief Executive Officer



Thomas J. Simmers
Executive Vice President



F. Paul De Maria
Vice President,
Labor Relations



Thomas P. Sullivan
Director,
Labor Relations



Anthony J. Dalonges
Corporate Treasurer
CCC Service Corp. President



Beth Monica
Corporate Secretary
Director of Communications



Kim F. Perez
Executive Assistant



Roberta L. Beasley
SA District Contract Administrator



Candace Love
SA District Secretary

ACKNOWLEDGMENTS



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