

**UNITED STATES OF AMERICA  
BEFORE THE NATIONAL LABOR RELATIONS BOARD  
REGION 24**

HORIZON LINES OF PUERTO RICO  
INC.

Case No. 24-CA-075533

and

INTERNATIONAL  
LONGSHOREMEN  
ASSOCIATION, LOCAL 1575

**STATEMENT OF UNCONTESTED FACTS IN SUPPORT  
OF MOTION FOR SUMMARY JUDGMENT**

**TO THE NATIONAL LABOR RELATIONS BOARD:**

**COMES NOW**, Horizon Lines of Puerto Rico, Inc., through the undersigned legal representation and respectfully presents the following **STATEMENT OF UNCONTESTED FACTS IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT**:

1. At all material times, Horizon Lines of Puerto Rico Inc. (after this “Horizon”), has been a corporation with an office and place of business in San Juan, Puerto Rico, and has been engaged in the handling, loading and unloading of cargo vessels. *See: Complaint ¶ 2(a), p. 1; see also: Answer to Complaint, ¶ 2(a), p. 1.*

2. At all material times, International Longshoremen Association, Local 1575 (after this “the Union”), has been a labor organization within the meaning of Section 2(5) of the Act representing a defined unit of workers in Horizon appropriate for the purpose of collective bargaining

within the meaning of Section 9(b) of the Act. *See: Complaint, ¶ 4 and 6, p. 2; see also: Answer to Complaint, ¶ 4 and 6, p. 2.*

3. Horizon and the Union have been signatories of a Collective Bargaining Agreement covering the period of October 1, 2004, through September 30, 2010, which was extended in writing until September 30, 2012. *See Exhibit 1, Collective Bargaining Agreement 2004-2010; Exhibit 2; Stipulation through September 30, 2012; see also: Complaint, ¶ 7(a), p. 3, and Answer to Complaint, ¶ 7(a), p. 3.*

4. Manuel López Llavona has been Director of Labor Relations for Horizon since 1989<sup>1</sup>, as such he has been and continues to be a member of the Senior Staff and the Spokesperson of the Company for bargaining purposes. *See Statement Under Penalty of Perjury, ¶ 2.*

5. As Director of Labor Relations for Horizon, Mr. López-Llavona also participates and has participated since 1989 in the Grievance Committee with the Union, which is part of the Grievance and Arbitration procedure established in the Collective Bargaining Agreement to resolve grievances and disputes. It is customary for the parties to address in the Committee several grievances and disputes in each meeting, some of which disputes the Company learned of that very same day. Accordingly, in any given meeting the Committee could and in fact have entertained more than ten (10) different grievances or disputes, discussing each one, finding

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<sup>1</sup> Horizon Lines of Puerto Rico Inc. is the successor by mergers, transfers and purchases of several previous legal entities. Since that is of no legal consequence for this case, Respondent's pleadings assume one continuous entity.

solutions when possible and agreeing to disagree in other instances. See *Statement Under Penalty of Perjury*, ¶3.

6. On February 27, 2012, Mr. López-Llavona on behalf of Horizon informed the Union in writing that effective February 29, 2012, it will not recruit the following positions:

1 utility Maintenance Department

2 facilities Maintenance Department

1 janitor Marine Department

See *Exhibit 3(a)*<sup>2</sup>, *Letter of February 27, 2012*.

7. In the February 27, 2012 letter, Mr. López Llavona informed the Union that the Collective Bargaining Agreement and the custom and practice provided how to proceed in these cases: the affected persons will occupy the first positions in the applicable alternate lists. See *Exhibit 3, Letter of February 27, 2012*.

8. This letter was notified to the Union on February 27, 2012 by fax, by email, and by Certified Mail Return Receipt Requested. See *Exhibit 4(a) Fax Receipt; Exhibit 4(b) Email notification; Exhibit 4(c) Certified Mail Receipt*.

9. In the February 27 letter, Mr. Lopez-Llavona informed the Union that if it wanted to discuss the effects, if any, of this decision he will be available to do so on February 28 and 29 at the Conference Room of the Fairland Building. See *Exhibit 3, (last paragraph)*.

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<sup>2</sup> Exhibit 3 is a copy of the document in its original Spanish language. Exhibit 3(a) is a Certified English Translation of the same.

10. As announced in the February 27, 2012 Letter, Mr. Lopez-Llavona and his bargaining team were available on February 28 and 29<sup>th</sup> to meet with the Union at the Conference Room of the Fairland Building, but the Union did not show. *See Statement Under Penalty of Perjury*, ¶4.

11. Neither on February 28, 2012, on February 29, 2012, nor at any time prior to the filing of the Complaint in this case, the Union requested or asked Mr. Lopez Llavona to bargain over the decision not to recruit the named positions. *See Statement Under Penalty of Perjury*, ¶5.

12. On February 28, 2012, the Union filed an unfair labor practice charge claiming violation of Section 8(a)(1) and 8(a)(5) asserting the following:

“In or about February 2012, the Employer, through its agents, officers and representatives has been bargaining in bad faith by laying off 4 unit employees without notifying and bargaining with the undersigned labor organization in violation of the extant collective bargaining agreement.”

*See Exhibit 5, Charge in Case No. 24-CA-075533.*

13. Following the February 28, 2012 Charge, a Complaint was issued on June 29, 2012 in this case alleging, *inter alia*, that Horizon engaged in the conduct therein alleged “without prior notice to the Union and without affording the Union an opportunity to bargain with Respondent with respect to this conduct [...]” *See Complaint*, ¶ 8(c), p. 3.

14. Article V of the Collective Bargaining Agreement in effect at all material times between the Union and the Company establishes:

“The operation of the Company's business and the direction of working forces are vested exclusively in the Company, provided

that such functions shall not be exercised contrary to any provision contained in this Agreement or to any law. The Union does not hereby waive its legal right to be timely informed of any proposed changes by the Company hereby and to discuss and/or to grieve the effects of same as set forth in the grievance and arbitration provision and as permitted by law.”

*See Exhibit 1, Collective Bargaining Agreement, Art. V: Management and Direction of Personnel, p. 6.*

15. The Collective Bargaining Agreement in effect at all material times between the Union and the Company establishes instances where there is a fixed manning requirement, as for example:

A. When the vessel has more than eleven (11) containers on the third tier, nine (9) men will be contracted for the lashing and unlashng of containers, *see Exhibit 1, Collective Bargaining Agreement Art. IV(B)(6), p. 9;*

B. A particular number of operators, checkers, longshoremen, drivers and top-loader operators for Terminal Work for each day when there is no vessel operations and for those days with vessel operations, *see Exhibit 1, Collective Bargaining Agreement, Art. IV(C), p. 12;*

C. That a fixed floater will be recruited in the terminal operations from Monday to Friday, *see Exhibit 1, Collective Bargaining Agreement, Art. IV(C)(3)(a), p. 13;*

D. The size of the gang, and that there should be two (2) checkers and a hatch-tender per gang, *see Exhibit 1, Collective*

*Bargaining Agreement Art. VIII, ¶44, p. 26, and Art. VIII, ¶49(a), p. 27;*

E. That there should be one water boy per Horizon's vessel, except when certain gang is called to work, *see Exhibit 1, Collective Bargaining Agreement Art. VIII, ¶48, p. 26.*

16. For instances where the Collective Bargaining Agreement does not contain a particular manning requirement, the Union and the Company agreed and stipulated in the Collective Bargaining Agreement the following:

A. In Article VIII: General Conditions, ¶ 2:

"2. The Company will continue exercising all its administrative functions, including the formulation of such fair and reasonable rules which, in the judgment of the Company may be necessary and convenient for the most efficient and economic operation of its business and will particularly determine:

a. [. . .]

b. [. . .]

c. [. . .]

d. Selection and employment of personnel according to requirements of the Company's business." *See Exhibit 1, Collective Bargaining Agreement, Art. VIII, ¶ 2, p. 17.*

B. In Article VIII: General Conditions, ¶ 3:

"3. The Company will determine the number of workers to be employed, the type of work, and the place or location where work is to be performed." *See Exhibit 1, Collective Bargaining Agreement, Art. VIII, ¶ 3, p. 17.*

17. The Collective Bargaining Agreement in effect at all material times between the Union and the Company does not contain a minimum

manning requirement for the classifications of “utility,” “facilities,” or “janitors”. See *Exhibit 1, Collective Bargaining Agreement*.

18. After February 29, 2012 and through this day, Horizon continues to regularly recruit at least seven (7) utility-positions in the Maintenance Department, three (3) facility-positions in the Maintenance Department, and one (1) janitor-position in the Marine Department. See *Statement Under Penalty of Perjury, ¶6*.

19. The Collective Bargaining Agreement in effect at all material times between the Union and the Company contains a very detailed seniority system provision requiring among other things that personnel be selected to work according to their seniority in the specific classification. See *Exhibit 1, Collective Bargaining Agreement, Art. IV, p. 4*. In this respect, the CBA establishes in its pertinent part:

A. That “[s]eniority is defined by the length of continuous service of the employee with the Company within a specific classification in the bargaining unit from the date his initial date of hire in the bargaining unit,” See *Exhibit 1, Collective Bargaining Agreement, Art. IV, ¶ A, p. 4*;

B. That “[o]nce an employee works 600 hours or more for the Company during an anniversary year in a specific classification, said employee's name will be added to the Company “pilot list” within that classification” and that “[t]he “pilot lists” will be used for the

purpose of selecting employees for work assignments by seniority,”  
*See Exhibit 1, Collective Bargaining Agreement, Art. IV, ¶ B, p. 4;*

C. That “[o]nce an employee attains a fixed position within a specified gang or classification his name will appear on that list and will be removed from all other lists, with the exception of the vessel list.” *See Exhibit 1, Collective Bargaining Agreement, Art. IV, ¶ C, p. 4;*

D. That “[s]eniority shall be observed for purposes of layoff, retention, vacation, holidays and all other instances where two or more unit employees are involved,” *See Exhibit 1, Collective Bargaining Agreement, Art. IV, ¶ E, p. 5;*

E. In regards to the "Pilot lists" that “[o]nce per year the Company will prepare and submit to the Union [a] draft seniority lists in accordance with above sub-paragraph (A) . . . [and][t]he Union will then review and either confirm or deny the accuracy of said lists and then inform the Company of discrepancies or corrections with ten (10) business days[,] [t]he Company will then generate new corrected "pilot lists" within ten (10) days,” *See Exhibit 1, Collective Bargaining Agreement, Art. IV, ¶ F(1);*

F. And that [t]he Company shall maintain from the "pilot list" a separate list of its own regular permanent workers by classification, [and] [w]hen a vacancy is going to be filled, the first alternate casual from said classification shall be added to the fixed

personnel list of that classification.” See *Exhibit 1, Collective Bargaining Agreement, Art. IV, ¶ F(2), p. 5.*

20. In addition to the above, the Collective Bargaining Agreement contains a *Grievance and Arbitration* procedure that reads as follows:

**“Section 1.** All disputes between the Union and the Company respecting the interpretation or implementation of this Agreement shall be resolved in the following manner:

(a) Initially between a Union delegate and an authorized representative of the Company designated for such purposes, or by the Director of Labor Relations upon the submission of a written statement to the Union President, clearly stating the issue(s) to be resolved. If the controversy is not resolved informally within 48 hours (Saturdays, Sundays and holidays excluded) after it is verbally presented to the other side, then either side may submit a grievance in writing to the other party within ten (10) days from – but excluding – the date of the incident, dispute or controversy is alleged to have occurred. The grievance shall clearly set forth the basic facts and the relevant contractual provisions.

(b) If a satisfactory resolution is not obtained or a written response is not received within five (5) days from the receipt of the grievance, the matter may be submitted by either of the parties to binding arbitration by service of a written notice to arbitrate on the other party. If the parties earlier agree to arbitrate and by-pass the foregoing processes they may so stipulate. In any event, neither the parties nor those whom it represents may engage in any lockouts or stoppages pending the arbitration to finality.

**Section 2.** (a) Any dispute, claim or controversy initiated by the Union or brought on behalf of an individual employee or group of employees will initially be presented by his/their shop steward to the appropriate manager (or other person or department designated by the Company for such purposes). If they do not informally resolve the issues within seven (7) working days of - but excluding - the date of the event, the matter will be discussed between a Union delegate and an authorized Company representative.

(b) If the matter is not resolved or responded to within ten (10) working days thereafter, the matter may be submitted by

either party to final and binding arbitration by a Committee comprised of two representatives of the Company and two representatives of the Union and a fifth member selected by the four other members. The members of the Committee shall be designated within 72 hours, excluding Saturdays, Sundays and holidays after delivery of the request to arbitrate. In the event the fifth member cannot be agreed upon, the four members will petition the Secretary of Labor of Puerto Rico to designate an impartial individual to serve in such position. The Committee will promptly move to hear the matter and will issue a decision within thirty (30) days after the close of the hearing. The Committee shall have no power to alter, modify or amend this Agreement. All related fees and costs shall be shared equally by the parties. Its decision – or award - shall be final and binding on all parties and persons related to the issues.

(c) If the parties so agree in writing, they may expedite the foregoing procedure by designating a simple, mutually acceptable arbitrator to hear and determine the issues or dispute.” *See Exhibit 1, Collective Bargaining Agreement, Art. XVI, p. 38-39.*

21. On March 2, 2012, the Union responded in writing to Mr. López-Llavona’s February 27 letter. *See Exhibit 6(a)*<sup>3</sup>, *Letter dated March 2, 2012.*

22. In its response the Union claims that the Respondent’s action violates the Collective Bargaining Agreement. *See Exhibit 6(a), Letter dated March 2, 2012.*

23. In its response, the Union neither requests to negotiate the decision taken by the Company in this matter or affirms that such request was made, nor asserts that the decision was implemented without giving the Union enough time to bargain over it. *See Exhibit 6, Letter dated March 2, 2012.*

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<sup>3</sup> Exhibit 6 is a copy of the document in its original Spanish Language. Exhibit 6(a) is a Certified English Translation of the same.

**WHEREFORE**, it is most respectfully requested that the above stated facts be considered as undisputed and uncontested in this case.

**RESPECTFULLY SUBMITTED.**

**IT IS HEREBY CERTIFIED** that on this same day a true copy of the foregoing document was notified to the Regional Office and to the Union pursuant to Section 102.114 of the Board's Rules and Regulations.

In San Juan, Puerto Rico this 18<sup>th</sup> day of July, 2012.

**CUEVAS KUINLAM, MÁRQUEZ, O'NEILL**  
*For Respondent Horizon Lines of Puerto Rico Inc.*  
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HORIZON LINES OF PUERTO RICO  
INC.

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and

INTERNATIONAL  
LONGSHOREMEN  
ASSOCIATION, LOCAL 1575

**DECLARATION UNDER PENALTY OF PERJURY IN SUPPORT OF  
MOTION FOR SUMMARY JUDGMENT**

I, Manuel López-Llavona, of legal age, Director of Labor Relations for Horizon Lines of Puerto Rico Inc., **DECLARE** under penalty of perjury as follows:

1. That my personal circumstances are those stated above.
2. I have been Director of Labor Relations for Horizon Lines of Puerto Rico Inc. since 1989<sup>1</sup>, and as such I have been and continue to be a member of the Senior Staff and the Spokesperson of the Company for bargaining purposes.
3. As Director of Labor Relations for Horizon, I also participate and have participated since 1989 in the Grievance Committee with the Union, which is part of the Grievance and Arbitration procedure established in the Collective Bargaining Agreement to resolve grievances and disputes. It is customary for the Company and the Union to address in the

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<sup>1</sup> Horizon Lines of Puerto Rico Inc. is the successor by mergers, transfers and purchases of several previous legal entities. Since that is of no legal consequence for this case, Respondent's pleadings assume one continuous entity.

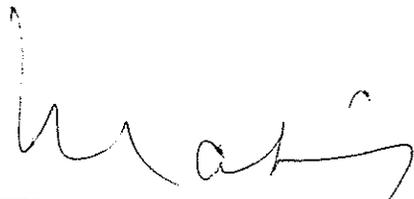
Committee several grievances and disputes in each meeting, some of which disputes the Company learned of that very same day. Accordingly, in any given meeting the Committee could and in fact have entertained more than ten (10) different grievances or disputes, discussing each one, finding solutions when possible and agreeing to disagree in other instances.

4. As announced in my February 27, 2012 letter, I -together with my bargaining team - was available on February 28 and 29<sup>th</sup> 2012, to meet with the Union at the Conference Room of the Fairland Building, but the Union did not show.

5. Neither on February 28, 2012, on February 29, 2012, nor at any time prior to the filing of the Complaint in case No. 24-CA-075533, the Union requested or asked me to bargain over the decision not to recruit the positions named in my February 27, 2012 letter.

6. After February 29, 2012 and through this day, Horizon continues to regularly recruit at least seven (7) utility-positions in the Maintenance Department, three (3) facility-positions in the Maintenance Department, and one (1) janitor-position in the Marine Department.

I hereby certified under penalty of perjury that the foregoing is true and correct to the best of my information and belief, in San Juan, Puerto Rico this 13<sup>th</sup> day of July 2012.



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**Manuel López Llavona**

Exh. A

**COLLECTIVE BARGAINING AGREEMENT**

**2004-2010**

**BETWEEN**

**HORIZON LINES**

**OF PUERTO RICO, INC.**

**AND**

**LOCAL 1575, INTERNATIONAL**

**LONGSHOREMEN'S ASSOCIATION, AFL-CIO**

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## AGREEMENT

THIS AGREEMENT made and entered into this 15<sup>th</sup> day of April, 2005 and effective by and between the members of HORIZON LINES OF PUERTO RICO, INC., hereinafter the "Company" and LOCAL 1575, INTERNATIONAL LONGSHOREMEN'S ASSOCIATION, AFL-CIO, hereinafter the "Union", covers all work performed by the Company in the loading and unloading of cargo and related activities. The Union shall have the work on all ship cargoes as previously agreed, including ship cargoes received in and delivered from the immediate pier area. The work on the immediate pier area shall mean:

- (a) Receiving - From the tailgate of the truck at the receiving gate to the pier and from the pier to the ship.
- (b) Delivering - From the ship to the pier and from the pier to the tailgate of the dispatch gate.
- (c) Except for the work performed by other unions which have a collective bargaining agreement with the company.

The above provision does not prevent any agreement from being entered into between the Union and the Company regarding special provisions covering the receiving/delivering of special commodities.

The parties agree that with regard to new commodities and new work opportunities, they will discuss changes in manning requirements and gang utilization.

## ARTICLE I - RECOGNITION

The Company recognizes the Union as the exclusive collective bargaining representative of the employees in a unit and employed by the Company in all of the ports on the Island of Puerto Rico engaged in the handling of cargo, loading and unloading of its vessels, including: but not limited to delivery clerks, stamping clerks, receiving clerks, tally clerks, dock sailors, refrigeration mechanics and helpers, tinsmiths and welders, carpenters and helpers, electricians and helpers, painters, oilers, janitors, gasoline dispatchers, maintenance helpers, gatemen, switchmen, tow motormen, yard clerks, water boys, hatch-tenders, linesmen, stevedores, electro mechanics, riggers, crane operators, signal men, portable crane operators, top loader operators (yard and vessel), coopers, and such other workers employed in the manual operations of loading and unloading of ships, classification of cargo and the receiving and delivery of cargo, excluding all office employees, including those working on the pier, and excluding likewise all those employees who have supervisory duties.

The welders of cranes on land and aboard the vessels belong in the contracting unit and their functions will remain as at present.

The Company agrees to utilize ILA personnel in all operations performed on its premises and installations in functions covered under the bargaining unit.

Any clause from the old contract in conflict with the new clauses is a nullity.

All practices established with regard to barges in the previous contract are nullified upon the signing of this contract.

✓ All verbal agreements during the administration of the previous contract are nullified.

✓ All working conditions actually in effect except those modified, will continue as present.

ILA Local 1575 personnel will be used to change crane cables.

## ARTICLE II - UNION SECURITY

It shall be a condition of employment that all employees covered by this Agreement shall, on the thirtieth (30th) day following the beginning of such employment, become and remain members of the Union. Any employee who, after receiving appropriate written notice from the Union, fails to tender the initiation fee and periodic dues uniformly required of Union members, shall be terminated ten (10) days after the Company has received written notice from the Union that such employee is thirty (30) days or more in arrears.

## ARTICLE III - CHECK OFF

The Company agrees to deduct from the wages of workers covered by this Agreement who are Union members and who have submitted duly executed check-off authorizations such amounts of local Union dues as the local Union from time to time advises the Company is due and owing from its members and shall remit such funds to the local Union on a monthly basis. The Company shall send to the local Union a report of check-off dues deductions and shifts worked by each employee on a monthly basis.

The Company further agrees to deduct from the wages of workers who are covered by this Agreement who are Union members and who have submitted duly executed

check-off authorizations the amount of per capita due and owing to the ILA's International and shall remit such funds and reports to the ILA's International, as per the written authorization.

#### ARTICLE IV - SENIORITY AND "PILOT LISTS"

- A. Seniority is defined by the length of continuous service of the employee with the Company within a specific classification in the bargaining unit from the date his<sup>1</sup> initial date of hire in the bargaining unit.
- B. Once an employee works 600 hours or more for the Company during an anniversary year in a specific classification, said employee's name will be added to the Company "pilot list" within that classification. Provided, however, that refrigeration technicians, mechanics, welders, carpenters, electricians and crane operators shall attain seniority upon demonstrated competence or certification for the corresponding job. The "pilot lists" will be used for the purpose of selecting employees for work assignments by seniority.
- C. Once an employee attains a fixed position within a specified gang or classification his name will appear on that list and will be removed from all other lists, with the exception of the vessel list. Seniority is defined as the length of time within such classification.
- D. Seniority will be observed in each department, except for the Marine department, where seniority shall be by gang(s) and not by the employee's seniority within the contracting unit.

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<sup>1</sup> Whenever the masculine gender is used in this Agreement, it is understood to include the female gender.

E. Seniority shall be observed for purposes of layoff, retention, vacation, holidays and all other instances where two or more unit employees are involved.

F.) 1. "Pilot lists": Once per year the Company will prepare and submit to the

Union *draft* seniority lists in accordance with above sub-paragraph (A).

The Union will then review and either confirm or deny the accuracy of said lists and then inform the Company of discrepancies or corrections

within ten (10) business days. The Company will then generate new corrected "pilot lists" within ten (10) days.

2. The Company shall maintain from the "pilot list" a separate list of its own regular permanent workers by classification. When a vacancy is going to be filled, the first alternate casual from said classification shall be added to the fixed personnel list of that classification.

G. Seniority may be terminated if the employee:

1. voluntarily quits;

2. is absent for fifteen (15) consecutive working days for any reason with no previous notice to the employer in writing;

3. is dismissed for just cause;

4. voluntarily receives retirement benefits from the ILA-PRSSA Pension Plan.

H. The seniority lists shall be revised within thirty days of the signing of this Agreement.

## ARTICLE V - MANAGEMENT AND DIRECTION OF PERSONNEL

The operation of the Company's business and the direction of working forces are vested exclusively in the Company, provided that such functions shall not be exercised contrary to any provision contained in this Agreement or to any law. The Union does not hereby waive its legal right to be timely informed of any proposed changes by the Company and to discuss and/or to grieve the effects of same as set forth in the grievance and arbitration provision and as permitted by law.

## ARTICLE VI - WORK HOURS

- A. The workweek shall be from Monday through Friday.
1. Straight time or regular rate shall be paid for any work performed from 7:00 a.m. to 12:00 noon and from 1:00 p.m. to 4:00 p.m., Monday to Friday inclusive. Forty (40) hours will constitute a regular workweek.
  2. All other hours, including Saturdays, Sundays, and Holidays, shall be paid at the rate of time and one and one-half (1 ½) of the established basic wage rate for regular hours, except the meal hours, which shall be paid at a rate double the applicable wage rate of the shift. The meal hour shall not form part of the guarantees established in this contract. The ninth (9th) hour will be paid in full at a rate of time and one-half (1 ½) the regular rate of pay although only a portion of that hour is worked. All overtime hours worked under this Agreement shall be assigned by classification and/or seniority and/or area of work.

B. Vessel operations:

1. The regular work shift for the vessel shall be as follows:

a. From 7:00 a.m. to 12:00 noon and from 1:00 p.m. to 4:00 p.m.

b. The commencement of loading and unloading vessel operations shall be on the hour sharp. The Union shall be notified two (2) hours prior to the call of the shape.

c. Personnel for the vessel will be selected fifteen (15) minutes prior to the hour, except for all shifts commencing at 4:00 p.m., 7:00 p.m., 9:00 p.m. and 12:00 midnight, which personnel will be selected at 3:00 p.m. and the verification of said personnel will be on the hour sharp.

2. The regular work shift for maintenance and terminal operations shall be as follows:

a. From 7:00 a.m. to 12:00 p.m.; from 1:00 p.m. to 4:00 p.m.; from 4:00 p.m. to 11:00 p.m.; and from 12:00 midnight to 6:00 a.m.

b. The commencement of maintenance and terminal operations shall be on the hour sharp. The Union shall be notified in writing of the shape hours by 4:00 p.m. the previous day.

c. Personnel for the maintenance, yard and refrigeration areas will be selected fifteen (15) minutes prior to the hour, except for the shifts commencing at 4:00 p.m. and 12:00 midnight, which

personnel will be selected at 3:00 p.m. and the verification of said personnel will be on the hour sharp.

3. Overtime shall be all hours after 4:00 p.m. and will include all hours of Saturday, Sunday and holidays.
4. When a vessel initiates its operations and stops for continuation within the next 24 hours, a posting of the continuation shall be faxed to the union for commencement of same at 7:00 a.m., 9:00 a.m., 11:00 a.m., 2:00 p.m., and 4:00 p.m. The Company has the prerogative to stop the loading and unloading of the vessels in order to continue its operations the next day once the guaranteed work has been completed.
5. All shifts have a minimum guarantee of eight (8) hours upon the commencement of operations. The relief shifts will have a guarantee of four (4) hours, except the midnight shift, which will have a six-hour (6) guarantee, which includes one meal hour, which shall be paid at a rate double the applicable wage rate of the shift. The Company will relieve on the hours set forth in the Collective Bargaining Agreement, except when the number of hours left to finish vessel operations are four (4) hours or less. If the work continues beyond said hours without the Company relieving, the Company will guarantee six (6) hours to the second shift. Work on Horizon Lines of Puerto Rico, Inc. vessels will have a minimum guarantee of eight (8) hours.

6. Lashing: When the vessel has more than eleven (11) containers on the third tier, nine (9) men (4 + 4 + 1) will be contracted for the lashing and unlashng of containers aboard Horizon Lines vessels with a four (4) hour guarantee (4 for unlashng and 4 for lashing). When a lashing gang is recruited for vessels it will be recruited one hour prior to the commencement of regular operations, at the Company's option. The Company will not stop the lashing detail(s) during a meal hour if one hour is required to complete the work.
7. Personnel will be selected according to the following method:
- a. LO/LO: The Hatch-tender will select his gang. The supervisor will recruit supplemental personnel from the casual list.
  - b. RO/RO: The bosun with each hatch-tender will select the personnel from the indicated list and will coordinate the gang personnel. The supervisor will recruit supplemental personnel from the casual list.
  - c. The workers will report to specified area at the scheduled time in order to commence working at the designated hour.
  - d. When there is a double operation (*i.e.* 2 vessels), once the first vessel is selected, the Supervisor will proceed to select the personnel for the second vessel from the official pilot list and each Hatch-tender will coordinate his personnel in accordance with the list handed to him.

8. The Company shall relieve all employees who have completed eight (8) hours of work daily or who have completed forty (40) hours of work during one work week, except when the work being performed does not exceed an additional four hours. [eight (8) no more than twelve (12) hours]. Provided, however, if after the Company has provided the Union with a written work order for relief personnel, and there is no available qualified personnel, then the Company shall have the right to extend the shift for those employees already working. In the event that work exceeds a total of twelve (12) hours, each additional hour shall be paid double the basic rate for regular hours.
9. If a vessel is reported but does not arrive on time, the Company shall not be required to retain personnel for more than three hours, provided that the Company shall pay four (4) hours for each call, except on the midnight (suicide) shift, which shall be paid for the entire shift. It will be compulsory to work through the meal hour (from 4:00 a.m. to 5:00 a.m.).

10. Meal Hours:

- a. The established meal hours shall be as follows:

|            |    |  |
|------------|----|--|
| 6:00 a.m.  | to | 7:00 a.m.                                |
| 12:00 noon | to | 1:00 p.m.                                |
| 6:00 p.m.  | to | 7:00 p.m.                                |
| 11:00 p.m. | to | 12:00 mid.***                            |
| 12:00 mid. | to | 1:00 a.m. (7:00 p.m. & 9:00 p.m. shift)* |
| 3:00 a.m.  | to | 4:00 a.m. (12:00 mid. relief)**          |
| 4:00 a.m.  | to | 5:00 a.m. (midnight shift)***            |

- \* On the vessel for which work commences at 7:00 p.m. or 9:00 p.m., the meal hour shall be from 12:00 midnight to 1:00 a.m.
  - \*\* On the 12:00 midnight relief shift exclusively, the meal hour shall be from 3:00 a.m. to 4:00 a.m. however, it will be mandatory to work the hours of 3:00 a.m. to 4:00 a.m.
  - \*\*\* If there is no relief at the end of the 4:00 p.m. shift, the meal hour shall be from 11:00 p.m. to 12:00 midnight.
  - \*\*\*\* There will only be one (1) meal hour in the shift that starts at 12:00 midnight and it shall be between 4:00 a.m. to 5:00 a.m. It will be mandatory to work the hour of 4:00 a.m. to 5:00 a.m.
- b. There will be only one meal hour in the shift that commences at 12:00 midnight, which will be from 4:00 a.m. to 5:00 a.m. The 4:00 a.m. to 5:00 a.m. hour will be worked mandatory.
  - c. The compulsory meal hour work will be eliminated when the vessels commence operations at 11:00 a.m. or 4:00 p.m.

C.

Terminal Work:

Fixed personnel manning shall be as follows:

| M                      | T                      | W              | T              | F              |
|------------------------|------------------------|----------------|----------------|----------------|
| 2 operators            | 2 operators            | 2 operators    | 2 operators    | 2 operators    |
| 2 checkers             | 2 checkers             | 2 checkers     | 2 checkers     | 2 checkers     |
| 3 longshoremen         | 3 longshoremen         | 2 longshoremen | 2 longshoremen | 3 longshoremen |
| 8 drivers              | 8 drivers              | 6 drivers      | 6 drivers      | 8 drivers      |
| * 1 toploader operator | * 1 toploader operator |                |                |                |

\* (vessel)

• Week of (4) vessels (one week per month from Monday to Friday)

| M                      | T                      | W                      | T              | F              |
|------------------------|------------------------|------------------------|----------------|----------------|
| 2 operators            | 2 operators            | 2 operators            | 2 operators    | 2 operators    |
| 2 checkers             | 2 checkers             | 2 checkers             | 2 checkers     | 2 checkers     |
| 3 longshoremen         | 3 longshoremen         | 3 longshoremen         | 2 longshoremen | 3 longshoremen |
| 8 drivers              | 8 drivers              | 8 drivers              | 6 drivers      | 8 drivers      |
| * 1 toploader operator | * 1 toploader operator | * 1 toploader operator |                |                |

\* (vessel)

1. Hours: The work guarantee will be eight (8) hours except after 4:00 p.m., on Saturdays, Sundays, and holidays, when the guarantee will be four (4) hours. The number of hours to be worked in the yard or in the terminal shall be specified in the posting.
2. Wages: Straight time will be paid for eight (8) hours of work between 7:00 a.m. and 4:00 p.m., from Monday to Friday for those employees that work in receiving and dispatching and in the terminal. From 6:00 a.m. to 7:00 a.m. and from 4:00 p.m. to 6:00 p.m., the wage rate will be time-and-one-half (1 ½) of the regular rate.
3. Switchers: All switchers will be recruited from the seniority list and may perform all functions within their classification as needed by the

Company, with the exception of the regular switchers from maintenance who will be recruited in said area and who may be moved and utilized as required by the Company within their classification, except in the operations under the crane in the loading and unloading of vessels.

- a. Fixed Floater: A fixed floater will be recruited in the terminal operations from Monday to Friday. In the following manner: floaters will be hired from the switchers list, by seniority provided that they can perform the job functions of switcher, toploder, operator, longshoremen, driver, checker and gateman, in the yard. If no qualified floater is identified and hired from the switchers list, then the Company may recruit a floater from any other classification. The fixed floater may be moved to any area and all classifications within the terminal, except aboard a vessel, as needed by the Company.

The parties agree that there is a need to develop a list of floaters within a reasonable time.

4. Top Loader/Empty Pick/Reachstacker/Transtainer: All the Top Loader/Empty Pick/Reachstacker/Transtainer operators will be recruited from the seniority list and may perform all functions within their classification as needed by the Company.
5. Checkers: The checkers will be recruited from the actual seniority list and may perform all functions within their classification as needed by the

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Company. In addition to the checkers of the vessel, checkers may be moved to perform work within their classifications in the yard and aboard the vessel, as needed.

6. Janitors: The janitors will be recruited from the seniority list and may perform all functions within their classification as needed by the Company, except for the Marine Janitor who will be recruited from the Marine Department and who may be moved from any area within his classification.

7. Stevedores: The stevedores for the yard operations will be recruited according to their seniority and will fulfill all functions within their classification.
8. Relief Shift:
- a. Hours: There will be a minimum of four (4) hour guarantee for the relief shift that is called at 3:00 p.m. and commences at 4:00 p.m. in the yard. The Company is obligated to specify on the posting slip the number of hours to be worked beyond the minimum four (4) hour guarantee, if any. In the event that an employee refuses to work these additional hours, the Company, at the 3:00 p.m. shape, will be permitted to replace this employee at 9:00 p.m. with another employee from the list, which replacement employee shall also be recruited at the 3:00 p.m.
- b. Replacements: The Company will have the right to replace, if necessary, yard personnel at 9:00 p.m. with a four (4) hour guarantee.
- c. "Force Majeure": In the event "force majeure", if yard personnel is needed to work beyond 2:00 a.m., the Company must first confer with the Union and each request will be considered on a case-by-case basis. Any over-time work that may be required beyond 2:00 a.m. will be assigned by seniority.

9. Shape: The shapes for the 7:00 a.m., 8:00 a.m. and 9:00 a.m. start times will be called fifteen (15) minutes prior to the commencement of operations. This system will also apply to employees in the roadability, refrigeration, and the maintenance departments during the performance of dispatch work.
10. Flexi-time: A flexible work system will be established *only* in the receiving, dispatching, and terminal operations. Starting times in all other areas of work shall be as established and set forth in Article VI, Work Hours of this Agreement. Flexi-time, in the receiving, dispatching, and terminal operations is, defined as work shifts staggered starting *only* at 6:00 a.m., 7:00 a.m., 8:00 a.m. and 9:00 a.m., in order to permit continuous operations. Employees must be hired in strict seniority order. In the application of flexitime, the last meal hour shall be no later than 1:00 p.m.

#### ARTICLE VII - HOLIDAYS

- A. The following will be considered as holidays for the application of holiday wages as stipulated in this Agreement: Sundays, those days as declared to be Holidays by the Puerto Rico legislature and/or the United States Congress, or by Proclamation of the President of the United States. As of the effective date hereof, they are:

|                                  |                               |
|----------------------------------|-------------------------------|
| January 1                        | New Year's Day                |
| January 6                        | Three Kings Day               |
| 2 <sup>nd</sup> Monday January*  | Eugenio M. De Hostos Birthday |
| 3 <sup>rd</sup> Monday January   | Martin Luther King's Birthday |
| 3 <sup>rd</sup> Monday February  | George Washington's birthday  |
| March 17                         | Teddy Gleason's Birthday      |
| March 22                         | Abolition of Slavery Day      |
| April (movable)                  | Good Friday                   |
| 3 <sup>rd</sup> Monday April**   | Jose De Diego's Birthday      |
| Last Monday May                  | Memorial Day                  |
| July 4                           | Independence Day              |
| 3 <sup>rd</sup> Monday July***   | Luis Munoz Rivera's Birthday  |
| July 25                          | Constitution Day              |
| July 27                          | Jose Celso Barbosa's Birthday |
| 1 <sup>st</sup> Monday September | Labor Day                     |
| October 12                       | Columbus Day                  |
| November (movable)               | Election Day                  |
| November 11                      | Armistice-Veteran's Day       |
| November 19                      | Puerto Rico's Discovery Day   |
| November (movable)               | Thanksgiving Day              |
| December 24                      | Dockworker's Day              |
| December 25                      | Christmas Day                 |

\* To be celebrated the 2<sup>nd</sup> Monday of January  
 \*\* To be celebrated the 3<sup>rd</sup> Monday of April  
 \*\*\* To be celebrated the 3<sup>rd</sup> Monday of July

- B. A holiday will commence at 12:01 a.m. and will end at 12:00 midnight.
- C. Whenever any of the above-mentioned holidays falls on a Sunday, then it will be celebrated on the following day.

ARTICLE VIII - GENERAL CONDITIONS

1. All of the workers selected by the Company, shall be able and capable of performing the work assigned to them. The Company may reject any of the workers provided by the Union if, in the sole judgment of the Company, such worker lacks the qualifications and ability required to perform the work assigned to him.

2. The Company will continue exercising all its administrative functions, including the formulation of such fair and reasonable rules which, in the judgment of the Company, may be necessary and convenient for the most efficient and economic operation of its business and will particularly determine:
  - a. The duties and obligations of each and every one of the workers employed by the Company in the contracting unit.
  - b. The methods for loading and unloading of vessels.
  - c. The hours to start work in accordance with the provisions contained in this collective bargaining agreement.
  - d. Selection and employment of personnel according to requirements of the Company's business.
3. The Company will determine the number of workers to be employed, the type of work, and the place or location where work is to be performed.
4. The Company may lay-off or suspend from employment for the remainder of the shift any member of the contracting unit due to his inefficiency, insubordination, smoking at the dock or aboard vessels, or for using or carrying intoxicating beverages during working hours, and/or for abandoning work without prior permission from the Company's representative. In the case where the Company desires that an employee be suspended from work due to any one of the aforementioned offenses, for a longer period of time, then the Company and the Union shall first discuss said suspension prior to reaching agreement on same.

5. Arrival at and commencement of work hours: The Company will notify the Union at least two (2) hours before the scheduled commencement of vessel operations of the date and time a vessel, or vessels, is/are to arrive.
6. Work Order Procedure:
- a. The Union will accept work orders from Monday to Friday, during working hours. On Saturdays, the work orders will be accepted from 8:00 a.m. to 12:00 noon. The Company will have the right to cancel orders up to three (3) hours before the start of a ship's operations during regular working hours. When Monday is a holiday, the Company may cancel work orders three (3) hours before the commencement of the vessel's operations. When Monday is a holiday, the Company may present work orders for the next day by submitting said work hours to the Union during the hours of 8:00 a.m. and 12:00 noon.
  - b. ~~Notices for the lashing of vessels will be given directly to the Union at its~~ office, in accordance with the work order procedure. The Union's office hours are: Monday to Friday from 8:00 a.m. to 12 noon and 1:00 p.m. to 4:00 p.m.
  - c. Whenever work is delayed and cannot begin at the designated hour for a work shift in any port, including work by special agreement at open ports, whether due to rain or for any other reason beyond the control of the Company, the latter shall pay to workers who report at the designated hour for the duration of the delay, provided, it does not exceed four (4) hours during a designated work shift. The workers will not be compelled to perform any work while waiting to begin work.

7. Whenever the Company is forced for any reason to move a vessel from one berth to another, the workers will be compensated for the waiting time resulting from shifting of the vessel, provided that the shifting operation takes place after work has started in the corresponding work shift, or if the time for beginning work as been designated for the next work shift; provided, however, that if the operation of shifting the vessel from one berth to another has not been completed by the time designated to begin or for the work to continue in the corresponding work shift, the Company will pay workers for the resulting waiting time.
8. a. The Company will supply workers with sweaters, gloves and boots whenever performing work or operations inside reefers and the worker agrees to pay for the value of sweaters, gloves and boots not returned.
- b. The Company will supply, at no cost to the workers in the shops, the appropriate safety shoes and uniform as required for personal safety, including for the Gatemen.
- c. The Company will supply the stevedores, at no cost, appropriate hard hats and shoes as required for personal safety.
9. The Company will maintain clocks at the docks and aboard the vessels in visible locations.
10. The Company will supply cold drinking water to the workers in sanitary and protected containers. They shall be brought aboard in the crane, as at present.
11. The Union will cooperate with the Company in maintaining the highest degree of discipline, order, and efficiency in the working place.

12. The Union will not sanction unauthorized stoppages, evasion of work and/or malicious damage inflicted on cargo, property or equipment. Any worker found guilty of one or more of these offenses will be suspended from work by the Company.
13. When the Union is to hold a meeting, the Company will be notified at least forty-eight (48) hours in advance. The Union may postpone the meeting for forty-eight (48) hours to continue operations, if needed, by the Company, however, only one postponement will apply and the Union shall not be committed to entertain any further postponement requests.
14. The Union will not sanction the practice of selling, buying or in any manner trading the badges furnished by the Company.
15. The Company will pay transportation expenses for workers from one pier or warehouse to another, whenever their services are needed, provided it is outside of the port's facilities. The Company likewise shall provide insurance for such workers, which shall cover them from the time the workers board the means of transportation.
16. The Company agrees not to discriminate against any unit member.
17. No unit employee may be punished or suspended for a period of time or indefinitely without fair and reasonable cause. Except when suspension is for more than the remainder of the work shift, any employee so dismissed or suspended may, if he so demands, meet with his immediate superior together with a Union representative. The Company will notify him in writing of his rights in order for him to exhaust the procedures established in the contract.

18. A unit employee, at the Company's request, who appears in Court as a Company witness will be paid eight (8) hours of wages at his regular rate of pay for each day of appearance; the employee is obligated to report to work as soon as his attendance in Court is satisfied.
19. If, in protecting Company property under his responsibility and guardianship, an employee becomes the victim of an aggression during his work time by any person disabling him from working, the Company will pay said worker, at a regular work day's pay for five regular working shifts upon termination of the seven (7) day period for which the State Insurance Fund does not compensate the worker. While the worker is under medical treatment by the State Insurance Fund, the Company shall pay the difference between five regular shifts and the compensation paid by the State Insurance Fund, provided, that the right to receive this compensation does not affect the worker's sick leave and vacation-benefits.
20. The Company will assure that the health of its employees is not affected by the work that they perform.
21. The Company will supply sweepers with protective equipment, such as: rubber boots, gloves, masks, etc., and electricians will be supplied rubber gloves. The workers agree to pay for the value of any of this equipment that is not returned. The Union will help the Company collect the value of such equipment.
22. The parties agree to use the identification card system as established by the Port Authority.

23. A work shift will begin at a specified hour and not before, and will end at a specified time and not before.
24. During any work shift guaranteed by the Company, the workers will be bound by the contract to work until the operation for which they were selected is completed.
25. The Company is under no obligation to pay the guarantee of a shift to any worker who refuses to work until the operation for which he was selected is completed.
26. Wage payments will be made by direct deposit, ATM, or checks in all areas of work.
27. A Safety Committee will be created, comprised of individuals who are knowledgeable in the repair of equipment, such as tractors, chassis, fingerlifts, etc. This Committee will consist of three (3) Union members and three (3) Company representatives. The rules and recommendations approved by said Committee will be incumbent upon the parties. The Company will have a period of thirty (30) days to comply with the rules and recommendations approved by the Committee, and it shall not constitute a violation of contract if the respective work is not performed due to noncompliance with this provision within the period indicated above. The Company will keep all yards in good condition and free of holes to prevent accidents or injuries to the drivers utilizing it.
28. The Company will provide a sufficient sized room to be utilized as a dining room by the workers.
29. The Company will install appropriate air extractors in its shops in order to avoid pollution.
30. The Company will house welders and painters in a properly segregated area in order to protect the health of the rest of the workers.

31. ILA Local 1575 will perform any and all repairs as ordered by the Company on all container chassis, reefer gensets, and refrigeration units and any other equipment of Horizon Lines of Puerto Rico, Inc.
32. The physical maintenance of all the terminal facilities will be the responsibility of the Company. ILA Local 1575 will not claim jurisdiction over such work. The facility personnel will continue with a foreman as present.
33. The Company will notify the Union daily, in writing, of the number and types of personnel needed the following day to work on the vessels and in the warehouses, including for Saturdays and Sundays. Said notification shall be given for Monday through Friday from 8:00 a.m. to 4:00 p.m.
34. Should the Company lease equipment or other work material for its operations covered under this contract, such as buses, trucks, finger lifts, etc., said equipment will be handled by the employees/union members covered under this Agreement.
35. ✓ The Company will continue using mechanic(s) as at present on containerships. On LO/LO operations, the Company will provide transportation for the mechanic so that he can perform his work. Whenever the Company is unloading one "vessel", it will use one (1) mechanic. Whenever the Company is unloading two (2) "vessels" simultaneously, two (2) mechanics will be used. Whenever the Company is unloading a "third party vessel" it will use one (1) mechanic. Whenever the Company is unloading a "vessel" and a "third party vessel" simultaneously, it will use one (1) mechanic.

36. All hours worked by any Union member will be computed for payment of vacation and sick leave. The maximum vacation and sick leave days will be in accordance with the established limits in this Agreement and will be paid at the rate of the workers in question. For those who work in more than one classification the rate to be paid will be that of which the most hours were accumulated.
37. The Union and the Company agree to establish a training program for Winch Operators, Crane operators, Tractor Operators, etc. the details of such program to be agreed upon by the parties to this Agreement. Workers interested in participating in this training program shall notify the Union, who, in turn, will refer them to the Company. During the training program, the trainees will earn, at least half their regular salaries for their classifications as established in this contract. It will be the obligation of Winch Operators, Crane operators, Tractor Operators, etc., to participate in this training program, as instructors. (3 weeks). There shall be no training without mutual agreement by the parties. Union members shall have priority for training. Any other training outside of this Agreement is not valid. Wherever and whenever required by the Company that these employees be trained in the use of equipment and/or new systems, ILA Local 1575 agrees to cooperate with the Company. The training will take into consideration the seniority list and the specific working areas. It is agreed that the Company will provide all equipment, manuals, etc., necessary for said training.
38. When a worker abandons his job on a vessel or warehouse and goes to another job on another vessel or terminal without having completed his shift, or is apparently working on both vessels or terminals simultaneously and attempting to collect wages in both

place, the worker will be dismissed from both places, and, if there is a recurrence, will be excluded from further work for the Employer.

39. No one will be chosen to work unless he is in possession of a valid identification or Social Security card, as stipulated hereinafter:
- a. Those persons who are in possession of a valid identification card will have first priority in being selected as workers. A holder of a Social Security card will not be selected to work when there is a holder of a valid identification card.
  - b. Those persons who are in possession of a Social Security card will have second priority to be selected as workers.
40. In case of work accidents, the Company shall pay to injured workers the wages for the full shift corresponding to the day's work, and will further guarantee pay for a maximum of two (2) days of work, provided that, due to the injury, hospitalization is required or when by physician's orders, injured workers must be laid-off from work, or, if by order of the Company's representative, the worker is laid off due to an accident.
41. The Company shall guarantee the Line-Handlers a minimum of three (3) hours for each operation with the same benefits as the Checkers. No less than four (4) men shall be used in the LO/LO operations. There will be a four (4) hour work guarantee to the anchoring gang selected from twelve midnight to six o'clock in the morning. From the date of the signing of this Agreement, the regular meal hour shall be between the fourth (4th) hour and fifth (5th) hour of work. If work is required during the meal hour, it shall be paid at a rate double the applicable wage rate of the shift.

42. The number of gangs hired on any ship at any time will be at the option of the Company. Whenever a second and/or third gang is used on a vessel, it shall work without any restrictions and/or limitation, insofar as the placement of cargo on the ship and length of work-time is required.
43. Gangs may be hired at different starting time on the same vessel at the option of the Company. The span of time between hiring gangs will be a maximum of three (3) hours.
44. The Company shall continue using two (2) checkers per gang in the vessel gangs and shall have the flexibility of moving and using them, based on the vessel's needs. The Company agrees not to submit this matter to arbitration and guarantees the use of two (2) checkers.
45. The checkers will be recruited from the actual seniority list and may be moved in the yard as required and, on the vessel, in addition to the checkers of the vessels.
46. The top loader/empty stacker operators will be recruited from the seniority list in accordance with classification. They may be utilized in any other work in the vessel or terminal, as required, but within classification, in addition to the vessel stackers when there are vessel operations.
47. Recruitment from the seniority list will be for the crane training and will be selected by both parties.
48. Only one (1) water boy per Horizon Lines of Puerto Rico, Inc.'s vessel will be recruited, except when the Ponce gang works which has its own water boy as part of its gang.

49. a. The Company shall use a hatch-tender for each gang.
- b. The supervisor shall give instructions to the foreman. The foreman shall be the person who will give direct orders to the workers. The foreman will not authorize any workers to leave work without the supervisor's approval. The supervisor shall not perform work of the bargaining unit.
- c. The LO/LO operations in Horizon Lines of Puerto Rico, Inc. will continue as at present on holidays when the maintenance shop is closed. Three or more tractors will be used. A mechanic will be used with a work guarantee for said operation that will be not less than four (4) hours. When the Company requires a detail for any purpose(s), it will use three (3) tractors and one (1) mechanic. Excluded from this disposition are the two fixed shift tractors that are utilized in the Maintenance Department.

50. ~~It is the Company's prerogative for the method of performing work and for establishing~~  
reasonable work rules and regulations. In the event that the Company should put into effect a rule which, in its judgment, is not in conflict with this Agreement, but which the Union considers to be in conflict with the terms of this Agreement, such rule will be subject to discussion between the parties so as to correct any possible deficiency or discrimination. It is understood that technological changes in the equipment and in the systems may have to occur during the normal course of work and ILA Local 1575 will help the Company in any manner required to perform said changes.

51. The Company will provide for the workers a parking area protected by a cyclone fence and gates. It will be guarded during the day and closed at night, inasmuch as operations take place after 4:00 p.m.
52. The Company shall continue to provide transportation from the shape-up to vessel-side as at present. The driver's shifts shall be guaranteed, as follows:
- a. One (1) man 7:00 a.m. to 4:00 p.m. - eight (8) hours guarantee.
  - b. Relief, but only when there are vessel operations, The Relief shall have a six (6) hours guarantee.
  - c. During vessel operations on Saturdays, Sundays, and Holidays, vessel shifts shall be guaranteed.
53. When a vessel receives goods or cargo for the seamen, said goods or cargo shall be handled by the contracting unit. Six (6) men shall be used with a guarantee of four (4) hours, and salaries and fringes at the rate for non-mechanized cargo. Should the Company acquire barges, a clause shall be negotiated to cover the barge operations.
54. When the Company unloads its vessels in San Juan, it agrees to employ one (1) gang from Ponce to unload cargo consigned to that port, or its equivalent.
55. The gatemen to be used by the Company will be members of the contracting unit and their functions shall be as at present.
56. Personnel selected at the beginning of a shift in a specific classification cannot be used in another classification during that day, except after such personnel completes the work in the classification for which he was selected.

57. The Company shall supply the mechanics with a safe place for keeping their tools, and will specify the tools to be kept in the toolbox. The mechanics shall not come in to pick up tools on Saturdays, Sundays or holidays. Should a mechanic have to use any tools, he shall take them the day before and shall notify the supervisor on duty. The mechanics are responsible for tools while in their possession.
58. Safety equipment that is required by OSHA shall be supplied by the Company. Workers will be furnished with the necessary equipment for the protection of their health when cleaning tanks as directed and required by OSHA. The employees shall use the safety equipment provided by the Company and as required by OSHA. Violations of OSHA regulations by an employee shall be just cause for suspension from a work shift.
59. When a Union member is called into the Armed Forces, the Company will be required to contribute to his pension in accordance with the law.
60. The Company will supply uniforms to the mechanics, welders, and machine operators at the Marine Department.
61. The Company will keep the yards and working areas well illuminated. It will not constitute a violation of the contract if said areas are not worked after the Union has notified the Company of the need for such repair thirty (30) days in advance.

## ARTICLE IX - HEALTH AND SAFETY

Section 1. The Company shall continue to make reasonable provisions to the health and safety of its employees during the hours of their employment, in accordance with all State and Federal safety law.

Section 2. An employee is not be required to perform a work assignment if the employee has a reasonable belief that such work assignment would place him in immediate danger of physical injury and/or violates OSHA regulations. The employee or shop steward shall bring the matter to the attention of management in immediate charge of the operation. If agreement cannot be reached, the Business Agent shall be called.

## ARTICLE X - VACATION

A. All employees of Horizon Lines covered by this contract, who work on an hourly basis and who meet the following requirements, will be entitled to vacation:

1. One (1) week with advance pay, equivalent to wages for forty (40) regular work hours to those who have worked not less than 500 hours and not more than 999 hours with the Company during the preceding anniversary year of work.
2. Two (2) weeks with advance pay, equivalent to wages for eighty (80) regular work hours to those who have worked not less than 1,000 hours and not more than 1,499 hours with the Company during the preceding anniversary year of work.

3. Four (4) weeks with advance pay equivalent to wages for 160 regular work hours to those who have worked not less than 1,500 hours or more with the Company during the preceding anniversary year of work.
4. The Company will grant vacation rights to those employees covered by this Agreement who in the future may resign from their jobs, likewise to those employees who go on to hold salaried positions with the Union or when mutually agreed between the Company and the Union, if they have worked the hours stipulated in the preceding paragraph numbers 1, 2, and 3 during the course of the year.
5. The Company will submit to the Union, every year, a list of the employees entitled to annual vacations and sick leave.
6. The Company, upon request by the Union, will grant unpaid leave for a period of three (3) months to those employees covered by this contract.  
This leave will not affect the position of the employee and seniority with the Company.
7. Vacation and Sick Leave:
  - a. Those employees qualifying for vacation or sick leave in accordance with this Agreement will have said benefits paid, according to the contract.
  - b. Those employees qualifying for vacation or sick leave under Decree 38 and not the contract will be paid said benefits according to the Decree and not to the contract.

- c. Those employees not qualifying for benefits in accordance with paragraphs (a) and (b) will be paid in lieu of vacation and sick leave a sum of money equivalent to twenty-five (25) cents per hour on all hours worked up to 499. This amount will be paid directly by the company to employees who have completed one anniversary year of work.
- d. In case of dismissal or resignation, it is agreed that said vacation payment(s) will be made at the time of dismissal or resignation.
8. Hatch-tenders will be paid thirty (30) cents per hour as indicated in the preceding paragraph.
9. If, upon request of the Company, an employee cannot make use of his right to his accrued vacation, said vacation will be carried over to the next year, provided that vacation cannot be accumulated for more than two (2) years.
10. Request for vacation and sick leave benefits must be submitted on Thursday for payment the following Thursday. The Company, according to its operational needs, may either deny an employee's request for a specific week of vacation, in such event the employee may request to take his vacation on another week(s).

## ARTICLE XI - SICK LEAVE

- A. All employees who work on an hourly basis and who meet the following requirements will be entitled to sick leave annually at the following rates:
1. One (1) week with pay equivalent to wages for forty regular hours to those working 500 or more hours and not more than 999 hours for the Company during the preceding anniversary year of work.
  2. Two (2) weeks with pay equivalent to wages for eighty (80) regular hours to those working 1,000 or more hours for the Company during the preceding anniversary year of work.
  3. Three weeks with pay equivalent to 120 regular hours to those working 1,500 or more hours for the Company during the preceding anniversary year of work.
  4. ~~The Company will pay all workers for sick leave days accrued but not taken during the anniversary year.~~
  5. When a worker who is entitled to sick leave with pay applies for such leave, he will be required to submit a certificate signed and approved by a physician showing that the illness or disability has lasted longer than two-and-a-half days and that it was not intentional or due to attempting to work under the effects of liquor.

## ARTICLE XII - LEAVE OF ABSENCE TO UNION OFFICERS

The Company will grant unlimited leaves of absence, without pay, to employees who work in salaried positions with the Union. Upon release as Union officers, the Company agrees to reinstate these employees to the same classification where they were working when appointed or elected to Union office and without affecting said employee's seniority rights.

## ARTICLE XIII - LIFE INSURANCE

A. The Company will provide life insurance coverage, as follows:

Class 1A: Those employees working 210 hours or more per contract year. Two thousand dollars (\$2,000) straight life and four thousand (\$4,000) dollars accidental death.

Class B: Those employees working 105 to 209 hours per contract year: Five hundred (\$500) straight life; and one thousand (\$1,000) dollars accidental death.

B. The Welfare Fund of the Union will provide additional coverage as follows:

Class 1A: Those employees working 600 hours or more per contract year, eight thousand (\$8,000) dollars straight life, and sixteen thousand (\$16,000) dollars accidental death.

Class 2: Those employees working 210 to 599 hours, one thousand (\$1,000) dollars straight life, two thousand (\$2,000) dollars accidental death.

Class 1B: Those employees working 105 to 209 hours, one thousand (\$1,000) dollars straight life, two thousand (\$2,000) dollars accidental death.

These classifications will be based on hours worked for the previous year.

The Company will supply the Welfare Fund Administrator with a certificate of coverage showing names of employees covered, amount of coverages, and the dates of coverage.

#### ARTICLE XIV - CHRISTMAS BONUS

The Company agrees to contribute two dollars and ten cents (\$ 2.10)<sup>2</sup> for each hour worked by all employees of Horizon Lines covered under this Agreement into a separately designated "Christmas Bonus". The checks will be distributed between the 1st and the 15th of December of each year. See APPENDIX "A" to this Agreement.

#### ARTICLE XV - WELFARE FUND

- A. The Company agrees to contribute to the Welfare Fund, Life Insurance Fund, and Pension Plan and to make the payments and contributions as set forth at "Local Fringe Benefits Contributions". See APPENDIX "B" to this Agreement.
- B. The Company will contribute to the Welfare Fund for hours paid to each worker and not only for those physically worked except for sick leave and/or vacations.
- C. Vacation and sick leave hours will be considered as hours worked for the purpose of sick leave and vacation benefits only.
- D. The Company shall submit to the Welfare Fund reports of hours paid on a monthly basis.
- E. The Welfare Fund shall provide the following fringe benefits:

---

2. The \$2.10 represents one dollar and ten cents (\$1.10) Christmas benefit contribution by the Company plus employees' deferred salary dollar (\$1.00).

1. Medical Plan Benefits: To enjoy basic medical benefit as set forth in Plan, the covered employee must have worked at least 400 hours in the preceding contract year.
2. Optical Benefits: The system of freely selecting an optician shall be used. A maximum amount is to be assigned to a member payable to the Optician of his choice for two types of lenses (bifocal or single lenses), and subject to the regulations of the Plan.
3. Orthopedic Services: All members, their wives and minor children shall enjoy the benefits of orthopedic services, provided the employee has worked 600 hours or more during the preceding contract year. This benefit covers shoes with orthopedic devices.
4. Funeral Leave Benefits: All unit employees who have accumulated 600 working hours or more during the preceding contract year shall be entitled to *three (3)* days funeral leave with pay based on their regular basic salary, provided, that these three (3) days are not worked and a Death Certificate for the deceased immediate family member is submitted. Immediate family is understood to mean: father, mother, spouse, and children of the covered employees. These funeral leave benefits should be claimed within the subsequent thirty (30) days of the immediate family member's death.
5. Economic Aid in Case of Death: The Welfare Fund will contribute the amount of \$2,000 as economic aid in case of death of an actively

working Union member or his wife, provided he is registered in the Welfare Plan records and has worked 600 hours or more during the preceding or current contract year. This benefit covers Local 1575 pensioners but does not co-extend to a pensioner's spouse.

6. The above benefits will be paid by the Welfare Fund and the Company shall not make additional contributions for it.
7. If the Welfare Fund requires a special audit, and from this action a violation appears on the part of the Employer, the cost of the audit as well as the cost of the violation will be paid by the violator.
8. The \$0.25 contribution previously made by the Company to the Royalty Fund Mechanized Cargo-Local 1575 during the term of the preceding contract (2001- 2004) will, effective from October 1, 2004, be directly contributed by the Company to the Welfare Fund, thereby eliminating all contributions from the Company to the Royalty Fund.

## ARTICLE XVI - GRIEVANCE AND ARBITRATION

Section 1. All disputes between the Union and the Company respecting the interpretation or implementation of this Agreement shall be resolved in the following manner:

(a) Initially between a Union delegate and an authorized representative of the Company designated for such purposes, or by the Director of Labor Relations upon the submission of a written statement to the Union President, clearly stating the issue(s) to be resolved. If the controversy is not resolved informally within 48 hours (Saturdays, Sundays and holidays excluded) after it is verbally presented to the other side, then either side may submit a grievance in writing to the other party within ten (10) days from — but excluding — the date that the incident, dispute or controversy is alleged to have occurred. The grievance shall clearly set forth the basic facts and the relevant contractual provisions.

(b) If a satisfactory resolution is not obtained or a written response is not received within five (5) calendar days from the receipt of the grievance, the matter may be submitted by either of the parties to binding arbitration by service of a written notice to arbitrate on the other party. If the parties earlier agree to arbitrate and by-pass the foregoing processes they may so stipulate. In any event, neither the parties nor those whom it represents may engage in any lockouts or stoppages pending the arbitration to finality.

Section 2. (a) Any dispute, claim or controversy initiated by the Union or brought on behalf of an individual employee or group of employees will initially be presented by his/their shop steward to the appropriate manager (or other person or department designated by the Company for such purposes). If they do not informally resolve the issues within seven

(7) working days of — but excluding — the date of the event, the matter will be discussed between a Union delegate and an authorized Company representative.

(b) If the matter is not resolved or responded to within the ten (10) working days thereafter, the matter may be submitted by either party to final and binding arbitration by a Committee comprised of two representatives of the Company and two representatives of the Union and a fifth member selected by the four other members. The members of the Committee shall be designated within 72 hours, excluding Saturdays, Sundays and holidays, after delivery of the request to arbitrate. In the event that the fifth member cannot be agreed upon, the four members will petition the Secretary of Labor of Puerto Rico to designate an impartial individual to serve in such position. The Committee will promptly move to hear the matter and will issue a decision within thirty (30) days after the close of the hearing. The Committee shall have no power to alter, modify or amend this Agreement. All related fees and costs shall be shared equally by the parties. Its decision — or award — shall be final and binding on all parties and persons related to the issues.

(c) If the parties so agree in writing, they may expedite the foregoing procedure by designating a single, mutually acceptable arbitrator to hear and determine the issues or dispute.

#### ARTICLE XVII - VALIDITY AND SEPARABILITY

Section 1. This Agreement supercedes any and all prior understandings and agreements, whether written or oral, between the parties. No provision of this Agreement may

be amended, modified, changed, altered or waived except by written document executed by the parties hereto.

Section 2. In the event that any provision of this Agreement is at any time declared invalid by a court of competent jurisdiction, such decision shall not invalidate any other provision of this Agreement, which shall remain in full force and effect. The parties will promptly negotiate a legally enforceable replacement clause.

#### ARTICLE XVIII - SUCCESSOR AND ASSIGNS CLAUSE

Section 1. This Agreement shall be binding upon the parties hereto, their successors, administrators, executors and assigns.

Section 2. In the event of a sale or other transfer of all or part of the Company, including, but not limited to, Company assets, receivables, customers, rights, interests, or good-will, either directly or indirectly, it is agreed that the Company shall give immediate notice to the Union upon execution of the purchase and sale agreement, or its equivalent.

The Company shall not sell or otherwise transfer all or part of its business, including, but not limited to, Company assets, receivables, customers, rights, interests, or good will, either directly or indirectly with the intent of evading its obligations under this Agreement.

#### ARTICLE XIX - DRUG AND ALCOHOL ABUSE PROGRAM

The Company and the Union agree to the enforcement of the Policy and Program for Drug and Alcohol abuse as set forth in APPENDIX "C" to this Agreement.

## ARTICLE XX - NO STRIKE/LOCKOUT

Section 1. The Company agrees that while this Agreement is in effect, it will not engage in any lockout of its bargaining unit employees. The Union agrees that while this Agreement is in effect, it will not engage in or in any way encourage or sanction any strike, sit down, boycott, slow-down, secondary boycott or picketing and that it will take all available steps to halt such activities should they occur. The Company recognizes the right of employees not to cross a legally sanctioned bonafide picket line.

Section 2. Any employee or group of employees who engage in a strike or stoppage as above described without the Union's prior authorization may be suspended from his/her employment. Such activities can be considered as "just cause" for discharge after a hearing under the grievance and arbitration provisions hereunder.

Section 3. A lay-off of employees due to adverse business conditions shall not be deemed to be a lockout by the Company.

## ARTICLE XXI - FRINGE BENEFITS

An employee who accumulates the number of working hours for the Company in a fiscal year as required under the ILA-PRSSA Welfare and/or Pension Plans (October 1-September 30) is eligible for medical and/or pension benefits. Fringe benefits are paid on all hours worked. For purposes of this Agreement, the computation of hours commences on October 1, 2004.

ARTICLE XXII - SUBCONTRACTING

All work under the Local 1575, ILA's jurisdiction hereunder will continue to be performed by ILA members and may not be subcontracted. Provided, however, that only in cases of emergency and on a case-by-case basis, the Company after first consulting and reaching agreement with the Union, may subcontract certain work for rented motor vehicles.

ARTICLE XXIII - DURATION OF CONTRACT

This agreement shall be deemed to be effective from October 1, 2004 to September 30, 2010 and will continue in force from year-to-year thereafter unless, either party gives written notice to the other party not less than sixty (60) days prior to the date of expiration, of its desire to negotiate with respect to the terms and conditions of a new Agreement.

IN WITNESS WHEREOF, the parties sign the present in San Juan, Puerto Rico, this 15<sup>th</sup> day of April, 2005.

FOR THE COMPANY:

/s/ Manuel A. Lopez Llavona  
/s/ Richard Rodriguez  
[Signature]  
\_\_\_\_\_

FOR THE UNION:

/s/ John D. Baker (Trustee)  
[Signature]  
\_\_\_\_\_  
\_\_\_\_\_

**APPENDIX A**

**WAGES**

1. Employees whose straight-time basic wage rate in effect on September 30, 2004 is more than \$21 per hour shall receive the following increases in their straight-time basic wage rate:

| <b>EFFECTIVE DATE</b> |   | <b>INCREASE</b> |
|-----------------------|---|-----------------|
| October 1, 2004       | — | \$1.00 per hour |
| October 1, 2006       | — | \$1.00 per hour |
| October 1, 2008       | — | \$1.00 per hour |
| October 1, 2009       | — | \$1.00 per hour |

2. Employees whose straight-time basic wage rate in effect on September 30, 2004 is \$21.00 per hour or less shall receive the following increases in their straight-time basic wage rate:

| <b>EFFECTIVE DATE</b> |   | <b>INCREASE</b> |
|-----------------------|---|-----------------|
| October 1, 2004       | — | \$2.00 per hour |
| October 1, 2006       | — | \$2.00 per hour |
| October 1, 2008       | — | \$1.50 per hour |
| October 1, 2009       | — | \$1.50 per hour |

3. The starting straight-time basic wage rate for new employees who enter the industry on or after October 1, 2004 shall be \$16.00 per hour.

**APPENDIX A (Cont'd)**

**Wages**

1. Regular basic wages per hour for men handling mechanized cargo or loading or unloading trailership will be:

|               | 10/01/04<br>to<br>09/30/06 | 10/01/06<br>to<br>09/30/08 | 10/01/08<br>to<br>09/30/09 | 10/01/09<br>to<br>09/30/10      |
|---------------|----------------------------|----------------------------|----------------------------|---------------------------------|
| Hatch Tenders | 28.65                      | 29.65                      | 30.65                      | 31.65                           |
| Gatemen       | 27.01                      | 28.01                      | 29.01                      | 30.01 (7:00 a.m. to 3:00 p.m.)  |
|               | 27.68                      | 28.68                      | 29.68                      | 30.68 (3:00 p.m. to 11:00 p.m.) |
|               | 27.16                      | 28.16                      | 29.16                      | 30.16 (11:00 p.m. to 7:00 a.m.) |
| Janitors      | 26.16                      | 27.16                      | 28.16                      | 29.16                           |

It is also agreed that all other classifications of employees covered by this collective bargaining agreement will receive the following basic pay per hour:

|  | 10/01/04<br>to<br>09/30/06 | 10/01/06<br>to<br>09/30/08 | 10/01/08<br>to<br>09/30/09 | 10/01/09<br>to<br>09/30/10 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Employees started on or after 10/1/1986 until 11/30/90 | 28.00<br>27.00             | 29.00<br>28.00             | 30.00<br>29.00             | 31.00<br>30.00             |
| Employees started on or after 12/1/1990 until 09/30/96 |                            | 23.00                      | 25.00                      | 26.50    28.00             |

As of October 1, 2004, all new employee will receive an hourly basic rate of \$16.00.

APPENDIX B

LOCAL FRINGE BENEFIT CONTRIBUTIONS

1. Contributions for local pension, welfare, and other employee fringe

benefits shall be increased as follows:

| EFFECTIVE DATE  | INCREASE   |
|-----------------|--|
| October 1, 2004 | The total rate will be increased to \$12.00 per hour worked. |
| October 1, 2006 | The total rate will be increased to \$12.50 per hour worked. |
| October 1, 2008 | The total rate will be increased to \$13.00 per hour worked. |

APPENDIX B (Cont'd)

Local Fringe Benefit Contributions

Contributor Company  
Horizon Lines of Puerto Rico, Inc.  
Employer Contribution

STEVEDORES, MECHANIZED CARGO

| FUNDS                   | Increases Approved for ILA-PRSSA Funds |                              |                              |                              | Redistribution of Funds by the CBA |                              |                              |                              |                              |  |
|-------------------------|--|------------------------------|------------------------------|------------------------------|------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|--|
|                         | 10/1/2003<br>TO<br>9/30/2004           | 10/1/2004<br>TO<br>9/30/2005 | 10/1/2005<br>TO<br>9/30/2006 | 10/1/2006<br>TO<br>9/30/2007 | 10/1/2007<br>TO<br>9/30/2008       | 10/1/2008<br>TO<br>9/30/2009 | 10/1/2009<br>TO<br>9/30/2010 | 10/1/2010<br>TO<br>9/30/2011 | 10/1/2011<br>TO<br>9/30/2012 |  |
| WELFARE FUNDS           | \$4.65                                 | \$6.00                       | \$6.00                       | \$6.30                       | \$6.30                             | \$6.60                       | \$6.60                       |                              |                              |  |
| CHRISTMAS BONUS         | 1.55                                   | 2.10                         | 2.10                         | 2.10                         | 2.10                               | 2.10                         | 2.10                         |                              |                              |  |
| SUB-TOTAL               | \$6.20                                 | \$8.10                       | \$8.10                       | \$8.40                       | \$8.40                             | \$8.70                       | \$8.70                       | \$0.00                       | \$0.00                       |  |
| PENSION FUNDS           | \$3.00                                 | \$3.90                       | \$3.90                       | \$4.10                       | \$4.10                             | \$4.30                       | \$4.30                       |                              |                              |  |
| SUB-TOTAL               | \$9.20                                 | \$12.00                      | \$12.00                      | \$12.50                      | \$12.50                            | \$13.00                      | \$13.00                      | \$0.00                       | \$0.00                       |  |
| ROYALTY CHRISTMAS BONUS | \$0.55                                 |                              |                              |                              |                                    |                              |                              |                              |                              |  |
| BUILDING FUND           | 0.25                                   |                              |                              |                              |                                    |                              |                              |                              |                              |  |
| TOTAL                   | \$10.00                                | \$12.00                      | \$12.00                      | \$12.50                      | \$12.50                            | \$13.00                      | \$13.00                      | \$0.00                       | \$0.00                       |  |
| INCREASES               | \$0.00                                 | \$2.00                       | \$0.00                       | \$0.50                       | \$0.00                             | \$0.50                       | \$0.00                       | \$0.00                       | \$0.00                       |  |
| TOTAL                   | \$0.00                                 | \$2.00                       | \$0.00                       | \$0.50                       | \$0.00                             | \$0.50                       | \$0.00                       | \$0.00                       | \$0.00                       |  |

|           | TOTAL  | F/B    | F/P    |
|-----------|--------|--------|--------|
| 10/01/04  | \$2.00 | \$1.10 | \$0.90 |
| 10/01/06  | 0.50   | 0.30   | 0.20   |
| 10/01/08  | 0.50   | 0.30   | 0.20   |
| SUB-TOTAL | \$3.00 | \$1.70 | \$1.30 |
| CBA       | 0.80   | 0.80   | 0.00   |
| TOTAL     | \$3.80 | \$2.50 | \$1.30 |

|          | F/B    | ROYALTY CHRISTMAS BONUS |
|----------|--------|-------------------------|
| 10/01/04 | \$0.25 |                         |
| 10/01/04 | 0.55   |                         |
| TOTAL    | \$0.80 |                         |

PREPARED ON OCTOBER 4, 2004

APPENDIX B (Cont'd)

Contributor Company  
 Horizon Lines of Puerto Rico, Inc.  
 Employer Contribution

CHECKERS, MECHANIZED CARGO

| FUNDS                   | Increases Approved for ILA-PRSSA Funds |                              |                              |                              | Redistribution of Funds by the CBA |                              |                              |                              |                              |  |
|-------------------------|--|------------------------------|------------------------------|------------------------------|------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|--|
|                         | 10/1/2003<br>TO<br>9/30/2004           | 10/1/2004<br>TO<br>9/30/2005 | 10/1/2005<br>TO<br>9/30/2006 | 10/1/2006<br>TO<br>9/30/2007 | 10/1/2007<br>TO<br>9/30/2008       | 10/1/2008<br>TO<br>9/30/2009 | 10/1/2009<br>TO<br>9/30/2010 | 10/1/2010<br>TO<br>9/30/2011 | 10/1/2011<br>TO<br>9/30/2012 |  |
| WELFARE FUNDS           | \$4.63                                 | \$6.00                       | \$6.00                       | \$6.30                       | \$6.30                             | \$6.60                       | \$6.60                       |                              |                              |  |
| CHRISTMAS BONUS         | 1.55                                   | 2.10                         | 2.10                         | 2.10                         | 2.10                               | 2.10                         | 2.10                         |                              |                              |  |
| SUB-TOTAL               | \$6.18                                 | \$8.10                       | \$8.10                       | \$8.40                       | \$8.40                             | \$8.70                       | \$8.70                       | \$0.00                       | \$0.00                       |  |
| PENSION FUNDS           | \$3.00                                 | \$3.90                       | \$3.90                       | \$4.10                       | \$4.10                             | \$4.30                       | \$4.30                       |                              |                              |  |
| SUB-TOTAL               | \$9.18                                 | \$12.00                      | \$12.00                      | \$12.50                      | \$12.50                            | \$13.00                      | \$13.00                      | \$0.00                       | \$0.00                       |  |
| ROYALTY CHRISTMAS BONUS | \$0.55                                 |                              |                              |                              |                                    |                              |                              |                              |                              |  |
| BUILDING FUND           | 0.25                                   |                              |                              |                              |                                    |                              |                              |                              |                              |  |
| TOTAL                   | \$9.98                                 | \$12.00                      | \$12.00                      | \$12.50                      | \$12.50                            | \$13.00                      | \$13.00                      | \$0.00                       | \$0.00                       |  |
| INCREASES               | \$0.00                                 | \$2.02                       | \$0.00                       | \$0.50                       | \$0.00                             | \$0.50                       | \$0.00                       | \$0.00                       | \$0.00                       |  |
| TOTAL                   | 0.00                                   | 0.00                         | 0.00                         | 0.00                         | 0.00                               | 0.00                         | 0.00                         | 0.00                         | 0.00                         |  |
| TOTAL                   | \$0.00                                 | \$2.02                       | \$0.00                       | \$0.50                       | \$0.00                             | \$0.50                       | \$0.00                       | \$0.00                       | \$0.00                       |  |

|           | TOTAL  | F/B    | F/P    |
|-----------|--------|--------|--------|
| 10/01/04  | \$2.02 | \$1.12 | \$0.90 |
| 10/01/06  | 0.50   | 0.30   | 0.20   |
| 10/01/08  | 0.50   | 0.30   | 0.20   |
| SUB-TOTAL | \$3.02 | \$1.72 | \$1.30 |
| CBA       | 0.80   | 0.80   | 0.00   |
| TOTAL     | \$3.82 | \$2.52 | \$1.30 |

|          | F/B    | ROYALTY CHRISTMAS BONUS |
|----------|--------|-------------------------|
| 10/01/04 | \$0.25 |                         |
| 10/01/04 | 0.55   |                         |
| TOTAL    | \$0.80 |                         |

PREPARED ON OCTOBER 4, 2004

APPENDIX C  
DRUG & ALCOHOL ABUSE PROGRAM

INSERT HERE

## APPENDIX D

### THIRD PARTY WORK

A. **Definition:** *Effective on October 1, 2006, the following definition will apply:* Third party work is defined as all longshore work performed on non-domestic Horizon Lines Inc.'s vessels or any vessel that Horizon Lines, Inc. operators, controls, or represents as an agent with a capacity of 550 TEU's or less.

B. **Work Guarantee and Waiting Time:** Gangs ordered under this Third Party Work Agreement shall receive a guarantee of four (4) hours and two (2) hours waiting time for each time the work is rescheduled for all workers who reported to work.

C. **Manning:** The gangs will be composed of the following:

- 1 foreman
- 1 checker
- 1 waterboy
- 2 crane operators
- 4 drivers
- 7 longshoremen

If a smaller gang is going to be recruited based on the number of movements, any changes in manning shall be discussed with the Union and will have a minimum guarantee of four (4) hours. The parties agree that with regard to new work opportunities, they will discuss changes in manning requirements and work utilization.

D. **Wages:** The wage scale for Third Party Work shall be the same as that which is applicable to each employee according to his seniority under the Horizon Lines, Inc and Local 1575, ILA 2004-2010 Collective Bargaining Agreement .

E. **Work Hours:**

Third Party vessel operations:

1. The regular work shift for third party work vessels shall be as follows:
  - a. The commencement of loading and unloading of third party vessel operations shall be on the hour sharp. The Union shall be notified two (2) hours prior to the call of the shape.

- b. Personnel for third party work vessels will be selected fifteen (15) minutes prior to the hour, except for all shifts commencing after 3:00 p.m. and up until 5:00 a.m. of the following morning which personnel will be selected at 3:00 p.m. and the verification of said personnel will be on the hour sharp.

F. Meal Hours

1. All shifts with five (5) or less work hours will not have a meal hour.
2. For all shifts with more than (5) hours of work, the meal hours shall be the same as those set forth in Article VI, paragraph 10 of this Collective Bargaining Agreement.

G. Linehandlers: *Effective on October 1, 2006 the following provision for linehandlers will apply:* Linehandling will be performed by a gang of four (4) to be composed of two (2) linehandlers at the top wage scale and two (2) linehandlers at the lowest wage scale. Other terms for linehandlers are as set forth in Article VIII, paragraph 41 in the 2004-2010 Collective Bargaining Agreement.

H. All other terms and conditions of employment including wage rates and fringe benefits not already set forth in Appendix D are the same as those provided to all Horizon Lines, Inc. employees and which are set forth in the 2004-2010 Collective Bargaining Agreement.

APPENDIX E

GENERAL CARGO

A. General Cargo and Heavy Lifts

✓ It is hereby agreed that the loading and unloading of general cargo vessels will be performed under the provisions currently in force and as contained in the Collective Bargaining Agreement between La Asociacion de Navieros de Puerto Rico and I.L.A. Locals 1740, 1903, 1904 and 2012 effective from October 1, 2001 through September 30, 2006.

AGREEMENT

In San Juan, Puerto Rico, this 25<sup>th</sup> day of August of 2010.

APPEARANCE

This Agreement is executed by and between Local 1575 of the International Longshoremen's Association, AFL-CIO, represented by its President Francisco Diaz Morales, herein referred to as the "Union", and Horizon Lines of Puerto Rico, Inc., represented by its President and General Manager Jacob M. Wegrzyn, herein referred to as the "Company".

ACKNOWLEDGMENT

The parties acknowledge and represent that are duly authorized to enter into this Agreement and that they will do their best effort to comply fully with all the agreements herein contained. The parties will act in good faith and will be available to discuss with each other to address in good faith all matters, issues or disputes that may arise through the course of the time in dealing with this Agreement.

The Company acknowledges that the Union is a labor organization that represents certain of the employees of Horizon Lines of Puerto Rico, Inc. in the port of San Juan, Puerto Rico.

The herein appearing parties acknowledge that they are signatories of a collective bargaining agreement in effect from October 1<sup>st</sup>, 2004 through September 30, 2010.

The parties hereby reaffirm their desire to achieve labor peace by agreeing to resolve their differences by mutual agreement in writing using clear and unambiguous language.

WITNESSETH

WHEREAS, the parties have decided freely and voluntarily, without any undue influence or coercion and with full knowledge of the legal consequences of executing this Agreement, to resolve and settle certain controversies related to their contractual relation.

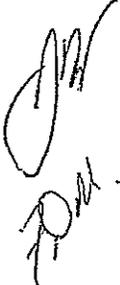
THEREFORE, in consideration of the mutual covenants, rights and obligations that are indicated below, the parties to this Agreement hereby establish the following:

AGREEMENTS

1. The Union and the Company hereby agree to extend the current collective bargaining agreement in effect through September 30, 2012.
2. Effective October 1<sup>st</sup>, 2011 employees' straight-time basic wage rate in effect on September 30, 2010 shall receive an increase of \$1.00 per hour in their straight time basic wage rate.
3. The parties hereby agree that the contributions for local pension, welfare and other employees' fringe benefits in the various agreements and declarations of trust and the collective bargaining agreement shall be increased as follows:

- i. The Company will pay the increased amount of \$4.00 per hour worked by each employee in the following manner: an additional \$2.00 per hour beginning on October 1<sup>st</sup>, 2010 and an additional \$2.00 per hour beginning on October 1<sup>st</sup>, 2012.
- ii. This agreement shall not be construed as an impediment for the Union and the Company to negotiate fringe benefits at the expiration of the collective bargaining agreement extension herein agreed between the parties.
- iii. The parties will remove all their respective trustees in the trust funds on or before August 26, 2010. Upon their removal, each party will appoint three (3) new trustees, which shall begin to fulfill their duties on the same date.
- iv. The parties hereby agree to approve a rehabilitation plan for the Agreement and Declaration of Trust of the ILA-PRSSA Pension Fund in

accordance with the provisions of the present Agreement on or before the deadline set forth by the trust's actuary. In addition, the Company shall withdraw any proposal made for the rehabilitation plan that includes the sale of the building located at 1055 J.F. Kennedy Ave., in San Juan, Puerto Rico.

- 
4. The parties acknowledge having appointed trustees to a Taft Hartley fund known as the "Royalty Fund Mechanized-Cargo Local 1575 of the ILA". It is agreed that the current trustees of each party in said trust fund shall be removed on or before August 26, 2010. Upon their removal, each party will appoint one (1) new trustee, for a total of two (2) trustees, which shall begin to fulfill their duties on the same date. Furthermore, the parties hereby agree that their appointed trustees, without delay and following their appointments, shall agree to place the building under professional private administration on such terms and conditions that will allow the trust fund to be financially viable. The parties also agree that their appointed trustees shall review and replace, as necessary, the consultants currently in place in order to facilitate an orderly transition and operation of the building. The parties shall cooperate in good faith and in a timely manner in order to facilitate the transition and to obtain an appropriate and suitable agreement for the administration of the building.
  5. The parties agree, that they will not, directly, indirectly or by third parties or other means, promote, prosecute, advocate, propose or pursue unilaterally the sale of the building located at 1055 J.F. Kennedy Ave., in San Juan, Puerto Rico. Accordingly, the Company will dismiss with prejudice all the cases pending before federal and/or local forums, including administrative or judicial, in which the sale of the building is directly or indirectly related or in controversy.

6. The parties also agree to dismiss with prejudice the following cases pending before the United States District Court for the District of Puerto Rico.

a. *Local 1575 of the International Longshoremen's Association v. Horizon Lines of Puerto Rico, Inc., et. al*, Case No. 10-1640 (JAG). The parties agree that the dismissal will be without the imposition of costs, expenses and attorneys' fees. Copy of the request for dismissal is attached to this Agreement and is hereby made an integral part of the same as Annex "A".

b. *Horizon Lines of Puerto Rico, Inc., v. Local 1575 of the International Longshoremen's Association*, Case No. 10-1297 (CCC). Copy of the Joint motion for dismissal is attached to this Agreement and is hereby made an integral part of the same as Annex "B".

c. *Local 1575 of the International Longshoremen's Association v. Horizon Lines of Puerto Rico, Inc. et. al*, Case No. 06-2034-(FAB). As to this case the Company agrees to withdraw its motion for contempt filed against the Union and its petition for arbitration on the matter related to the sale of the building and/or termination of the building trust fund known as the "Royalty Fund Mechanized-Cargo Local 1575 of the ILA". Furthermore, the Company hereby recognizes that the Union is not in contempt of the Opinion and Order entered in that case and that it will not promote, prosecute, advocate, propose or pursue unilaterally and without the consent of the Union's trustees the sale of the building located at 1055 J.F. Kennedy Avenue, San Juan, Puerto Rico. If necessary, the Company agrees to sign or issue any document or motion necessary to validate this clause of the Agreement. Moreover, the parties

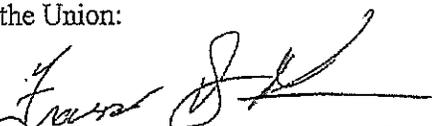
OM  
FD

acknowledge that they have full knowledge of the legal consequences and limitations, if any, of this Agreement and will act accordingly. Copy of the joint motion is attached to this Agreement and is hereby made an integral part of the same as Annex "C".

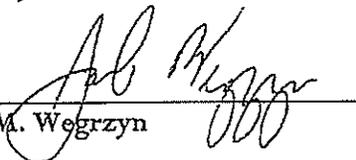
7. The parties hereby agree to do their best efforts to promptly address in good faith all matters regarding the implementation of this Agreement by, among other things, establishing a direct line of communication between the Union's officials and senior management of the Company.
8. This Agreement is considered a final adjudication of any matter contained in the same and will have the immediate effect of *res judicata* for all the parties to this Agreement.
9. The parties acknowledge that they have had sufficient and reasonable time to discuss and understand this Agreement. Also, the parties acknowledge that they have sought legal advice before signing this document.
10. This Agreement contains all the terms, stipulations and covenants reached between the parties and cannot be amended, modified or supplemented in any aspect unless it is agreed in writing by the Company and the Union.

In San Juan, Puerto Rico, this 25<sup>th</sup> of August of 2010.

For the Union:

By:   
Francisco Díaz Morales

For the Company:

By:   
Jacob M. Wegrzyn

Manuel A. Lopez Llavona  
Director, Labor Relations

27 de febrero de 2012

Sr. Francisco Díaz  
Presidente  
International Longshoremen's Association  
Local 1575  
San Juan, Puerto Rico

Estimado señor Díaz:

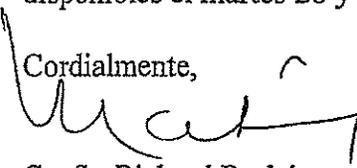
Como usted sabe desde principios del año 2011, hemos venido discutiendo las alternativas contractuales necesarias para confrontar la situación actual de la Empresa. Estas conversaciones, sin embargo, no han producido las modificaciones necesarias para atender responsablemente esta situación. Por tal razón, no nos queda otra alternativa que anunciarle que efectivo el miércoles 29 de febrero de 2012, las siguientes posiciones fijas por áreas no serán reclutadas:

|              |                            |
|--------------|----------------------------|
| 1 utility    | Departamento Mantenimiento |
| 2 facilities | Departamento Mantenimiento |
| 1 janitor    | Departamento de Marine     |

El Convenio Colectivo y la práctica y costumbre que han observado las partes en el pasado en situaciones similares, disponen como proceder en estos casos, las personas afectadas pasarán a ocupar las primeras posiciones en las listas de suplentes aplicables.

De interesarle dialogar sobre los efectos si alguno de esta decisión, estaremos disponibles el martes 28 y el miércoles 29 en el Conference del Fairland para así hacerlo.

Cordialmente,



Cc: Sr. Richard Rodríguez, VP&GM HLPR  
Sr. F. Guardiola, Terminal Mgr HLPR  
Sr. R. Batista, Land & Opns Mgr HLPR  
Sr. M. Cabrera, maintenance MgrHLPR

**HORIZON  
LINES**

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**Manuel A. López Llavona**  
Director, Labor Relations

February 27, 2012

Mr. Francisco Díaz  
President  
International Longshoremen's Association  
Local 1575  
San Juan, Puerto Rico

Dear Mr. Díaz:

As you know, since the start of the year 2011, we have been discussing the contractual alternatives needed to face the current situation of the Company. These conversations, however, have not produced the changes that are needed to responsibly address this situation. For this reason, we have no other alternative but to announce that, effective Wednesday, February 29, 2012, we will not be recruiting for the following regular positions by area:

|              |                        |
|--------------|------------------------|
| 1 utility    | Maintenance Department |
| 2 facilities | Maintenance Department |
| 1 janitor    | Marine Department      |

The Collective Bargaining Agreement and the practice and habit that the parties have observed in the past under similar circumstances, provide how to proceed in these cases; the people affected will go on to occupy the first positions in the corresponding lists of replacements.

If you are interested in discussing the effects, if any, of this decision, we will be available to do so on Tuesday, the 28<sup>th</sup> and Wednesday, the 29<sup>th</sup>, at the Conference in Fairland.

Cordially,  
[illegible signature]

Cc: Mr. Richard Rodríguez, VP&GM HLPR  
Mr. F. Guardiola, Terminal Mgr HLPR  
Mr. R. Batista, Land & Opns Mgr HLPR  
Mr. M. Cabrera, maintenance Mgr HLPR

Horizon Lines of Puerto Rico \* PO Box 362648 \* San Juan, PR 00936-2648 \* 787.620.7844 \* Fax 787.620.7883 \* [mlopez@horizonlines.com](mailto:mlopez@horizonlines.com)

[I hereby certify that this is a true and accurate translation to the best of my abilities.



U.S. Court Certified Interpreter & Translator  
Certificate No. 06-001]

## TRANSACTION REPORT

P.01/01

MON/FEB/27/2012 03:47 PM

FAX (TX)

| #  | DATE   | START T. | RECEIVER    | COM. TIME | PAGE | TYPE/NOTE | FILE     |
|----|--------|----------|-------------|-----------|------|-----------|----------|
| 01 | FEB/27 | 03:47PM  | 97877819593 | 0:00:18   | 1    | OK        | SG3 4784 |



Manuel A. Lopez Llavona  
Director, Labor Relations

27 de febrero de 2012

Sr. Francisco Díaz  
Presidente  
International Longshoremen's Association  
Local 1575  
San Juan, Puerto Rico

Estimado señor Díaz:

Como usted sabe desde principios del año 2011, hemos venido discutiendo las alternativas contractuales necesarias para confrontar la situación actual de la Empresa. Estas conversaciones, sin embargo, no han producido las modificaciones necesarias para atender responsablemente esta situación. Por tal razón, no nos queda otra alternativa que anunciarle que efectivo el miércoles 29 de febrero de 2012, las siguientes posiciones fijas por áreas no serán reclutadas:

|              |                            |
|--------------|----------------------------|
| 1 utility    | Departamento Mantenimiento |
| 2 facilities | Departamento Mantenimiento |
| 1 janitor    | Departamento de Marine     |

El Convenio Colectivo y la práctica y costumbre que han observado las partes en el pasado en situaciones similares, disponen como proceder en estos casos, las personas afectadas pasarán a ocupar las primeras posiciones en las listas de suplentes aplicables.

De interesarle dialogar sobre los efectos si alguno de esta decisión, estaremos disponibles el martes 28 y el miércoles 29 en el Conference del Fairland para así hacerlo.

Cordialmente,

Cc: Sr. Richard Rodríguez, VP&GM HLPR  
Sr. F. Guardiola, Terminal Mgr HLPR  
Sr. R. Batista, Land & Opns Mgr HLPR  
Sr. M. Cabrera, maintenance Mgr HLPR

## Lopez-Llavona, Manuel

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**From:** Lopez-Llavona, Manuel  
**Sent:** Monday, February 27, 2012 3:53 PM  
**To:** 'Francisco Diaz'  
**Cc:** Rodriguez, Richard; Guardiola, Fernando; Batista, Roberto; Cabrera, Manuel  
**Subject:** FW: Scanned image from Horizon Lines Inc  
**Attachments:** im3510\_20120227\_154826.pdf

FYI

-----Original Message-----

**From:** Puerto Rico Doc  
**Sent:** Monday, February 27, 2012 3:48 PM  
**To:** Lopez-Llavona, Manuel  
**Subject:** Scanned image from Horizon Lines Inc

DEVICE NAME: Horizon Lines Inc.  
DEVICE MODEL: im3510  
LOCATION: Metro Park

FILE FORMAT: PDF MMR(G4)  
RESOLUTION: 200dpi x 200dpi

Attached file is scanned image in PDF format.  
This file can be read by Adobe Acrobat Reader.  
The reader can be downloaded from the following URL:

<http://www.adobe.com/>

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

SR. FRANCISCO DIAZ  
PRESIDENTE  
ILA LOCAL 1575  
PO BOX 902-3783  
SAN JUAN PR 00902-3783

2. Article Number

(Transfer from service label)

7002 0510 0001 6643 5776

PS Form 3811, March 2001

Domestic Return Receipt

102595-01-M-1424

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X

Agent  
 Addressee

D. Is delivery address different from item 1?

If YES, enter delivery address below:  Yes  No

3. Service Type

Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)

-Yes

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS FOLD AT DOTTED LINE

**CERTIFIED MAIL**



7002 0510 0001 6643 5776  
7002 0510 0001 6643 5776

| U.S. Postal Service<br>CERTIFIED MAIL RECEIPT<br>(Domestic Mail Only; No Insurance Coverage Provided) |               |
|---|---------------|
| OFFICIAL USE  |               |
| Postage \$  | Postmark Here |
| Certified Fee   |               |
| Return Receipt Fee (Endorsement Required)   |               |
| Restricted Delivery Fee (Endorsement Required)  |               |
| Total Postage & Fees \$   |               |
| Sent To <u>Sr. Francisco Diaz, Presidente</u>   |               |
| Street, Apt. No.; or PO Box No. <u>ILA LOCAL 1575</u>   |               |
| City, State, ZIP+4 <u>PO BOX 902-3783</u>   |               |
| <u>San Juan PR 00902-3783</u>   |               |
| PS Form 3800, January 2001 See Reverse for Instructions   |               |

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

SR. FRANCISCO DIAZ  
PRESIDENTE  
ILA LOCAL 1575  
PO BOX 902-3783  
SAN JUAN PR 00902-3783

**COMPLETE THIS SECTION ON DELIVERY**

Received by (Please Print Clearly) B. Date of Delivery

*Ruiz*

C. Signature

*[Signature]*

- Agent
- Addressee

D. Is delivery address different from item 1?  Yes

If YES, enter delivery address below:  No



3. Service type

- Certified Mail  Express Mail
- Registered Mail  Return Receipt for Merchandise
- Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number

(Transfer from service label)

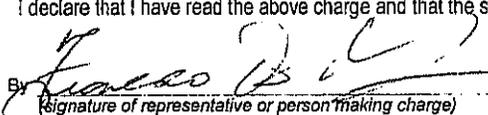
7002 0510 0001 6643 5776

UNITED STATES OF AMERICA  
NATIONAL LABOR RELATIONS BOARD  
CHARGE AGAINST EMPLOYER

| DO NOT WRITE IN THIS SPACE |                                 |
|----------------------------|---------------------------------|
| Case<br>24-CA- 075533      | Date Filed<br>February 28, 2012 |

**INSTRUCTIONS:**

File an original with NLRB Regional Director for the region in which the alleged unfair labor practice occurred or is occurring.

| 1. EMPLOYER AGAINST WHOM CHARGE IS BROUGHT   |  |
|--|--|
| a. Name of Employer<br>Horizon Lines   | b. Tel. No. 787-670-7884   |
|  | c. Cell No.  |
|  | f. Fax No. 787-620-7883  |
| d. Address (Street, city, state, and ZIP code)<br>Metro Office Park Metro Office III Guaynabo, PR<br>00968   | e. Employer Representative<br>Manuel López, HR Representative              |
|  | g. e-Mail<br>mlopez@horizonlines.com                                       |
|  | h. Number of workers employed<br>100+                                      |
| i. Type of Establishment (factory, mine, wholesaler, etc.)<br>Transportation Industry  | j. Identify principal product or service<br>Cargo transportation           |
| k. The above-named employer has engaged in and is engaging in unfair labor practices within the meaning of section 8(a), subsections (1) and (list subsections) (5) of the National Labor Relations Act, and these unfair labor practices are practices affecting commerce within the meaning of the Act, or these unfair labor practices are unfair practices affecting commerce within the meaning of the Act and the Postal Reorganization Act. |  |
| 2. Basis of the Charge (set forth a clear and concise statement of the facts constituting the alleged unfair labor practices)<br>In or about February 2012, the Employer, through its agents, officers, and representatives has been bargaining in bad faith by laying off 4 unit employees without notifying and bargaining with the undersigned labor organization in violation of the extant collective bargaining agreement.                   |  |
| 3. Full name of party filing charge (if labor organization, give full name, including local name and number)<br>International Longshoremens Association  |  |
| 4a. Address (Street and number, city, state, and ZIP code)<br>PO Box 9066433 Puerta de Tierra Station San Juan, PR 00906-6433  | 4b. Tel. No. 787-781-9393  |
|  | 4c. Cell No. 939-940-0188  |
|  | 4d. Fax No. 787-781-9593   |
|  | 4e. e-Mail<br>fdiazmorales@hotmail.com                                     |
| 5. Full name of national or international labor organization of which it is an affiliate or constituent unit (to be filled in when charge is filed by a labor organization)  |  |
| 6. DECLARATION<br>I declare that I have read the above charge and that the statements are true to the best of my knowledge and belief.   |  |
| By <br>(Signature of representative or person making charge)  | Francisco Diaz, President<br>(Print/type name and title or office, if any) |
| Same as above<br>Address   | 2/28/12<br>(date)  |
|  | Tel. No.   |
|  | Office, if any, Cell No.   |
|  | Fax No.  |
|  | e-Mail   |

RECEIVED  
 NLRB  
 REGION 24  
 2012 FEB 28 PM 3:50  
 SAN JUAN, PR 00918-1780

WILLFUL FALSE STATEMENTS ON THIS CHARGE CAN BE PUNISHED BY FINE AND IMPRISONMENT (U.S. CODE, TITLE 18, SECTION 1001)

PRIVACY ACT STATEMENT

Solicitation of the information on this form is authorized by the National Labor Relations Act (NLRA), 29 U.S.C. § 151 et seq. The principal use of the information is to assist the National Labor Relations Board (NLRB) in processing unfair labor practice and related proceedings or litigation. The routine uses for the information are fully set forth in the Federal Register, 71 Fed. Reg. 74942-43 (Dec. 13, 2006). The NLRB will further explain these uses upon request. Disclosure of this information to the NLRB is voluntary; however, failure to supply the information will cause the NLRB to decline to invoke its processes.



INTERNATIONAL LONGSHOREMEN'S ASSOCIATION AFL-CIO  
LOCAL 1575

2 de marzo de 2012

*Francisco Díaz-Morales*  
*President*

REG. U.S. PATENT OFFICE

Sr. Richard Rodríguez  
Horizon Lines of Puerto Rico, Inc.  
Vice-Presidente / Gerente General  
P.O. Box 362648  
San Juan, Puerto Rico 00936-2648

Estimado señor Rodríguez:

Acusamos recibo de la carta el 27 de febrero de 2012 de Horizon Lines en la que se anuncia la intención de eliminar cuatro plazas de empleados fijos en el departamento de Mantenimiento y Marine.

De implementarse tal medida Horizon Lines estará incurriendo en una clara y evidente violación al convenio colectivo vigente entre las partes. Es decir, se estaría violando el acuerdo que extendió la vigencia del convenio colectivo hasta el 30 de septiembre 2012. Los fundamentos para justificar la acción resultan frívolos e inmeritorios. El convenio colectivo y la práctica y costumbre no apoyan su anunciada y mal intencionada acción.

De implementarse tal medida procederemos a acudir a los foros correspondientes para hacer valer los derechos de la unión cobijados en el contrato. Por otro lado, cualquier asunto debe ser discutido entre la unión y usted. De lo contrario se estaría violentando el acuerdo suscrito entre las partes el 25 de agosto de 2010 el cual estableció que los asuntos laborales de envergadura fueran discutidos entre usted y la unión.

No nos cabe duda que la carta vino en respuesta a nuestra reciente solicitud para comenzar las negociaciones de un nuevo convenio colectivo. Intentar intimidar a esta unión en el ejercicio de sus derechos constituye una práctica ilícita de trabajo en el empleo. No permaneceremos cruzados de brazos y tomaremos las medidas necesarias para proteger los intereses de nuestra matrícula. Por lo tanto, lo exhorto a reconsiderar la postura de la compañía en relación a no reclutar las posiciones de utility(1), facilities(2) y janitor(1) contenidas en la carta.

Atenamente,

Francisco Díaz

Presidente ILA 1575

Cc: Mr. Harold Dagget, Pres., ILA, AFL-CIO  
Mr. Benny Holland, Jr., Exec. Vice Pre., ILA, AFL-CIO  
Mr. Dennis Dagget, Pres. A.C.D., ILA  
Mr. John Baker, Vice Pres.-Organizer  
Mr. R. Gleason, Sec. Tes., ILA, AFL-CIO  
Mr. J. Vélez, Vice Pres., ILA, AFL-CIO  
Mr. F. García, Vice Pre., A.C.D., ILA, AFL-CIO



REG. U.S. PATENT OFFICE

INTERNATIONAL LONGSHOREMEN'S ASSOCIATION AFL-CIO  
LOCAL 1575

3 de marzo de 2012  
March 2, 2012

*Francisco Díaz-Morales*  
*President*

Mr. Richard Rodríguez  
Horizon Lines of Puerto Rico, Inc.  
Vice President / General Manager  
P.O. Box 362648  
San Juan, Puerto Rico 00936-2648

Dear Mr. Rodríguez:

We hereby acknowledge receipt of the letter of February 27, 2012 from Horizon Lines announcing the intention to eliminate four positions occupied by regular employees in the Maintenance and Marine Departments.

Should said measure be implemented, Horizon Lines would be committing a clear and obvious violation of the collective bargaining agreement currently in force between the parties. In other words, the agreement that extended the effectiveness of the collective bargaining agreement until September 30, 2012 would be breached. The grounds to justify the referenced action are frivolous and unwarranted. The collective bargaining agreement, as well as usual practice and habit, do not support your announced and ill-intentioned action.

If said measure were implemented, we would proceed to appear before the corresponding forums to enforce the rights of the union covered by the contract. On the other hand, any matter must be discussed between the union and you. Otherwise the agreement executed between the parties on August 25, 2010, which established that important labor affairs would be discussed between you and the union, would be breached.

We are certain that the letter came in response to our recent request to begin negotiations for a new collective bargaining agreement. Attempting to intimidate this union in the exercise of its rights constitutes an unlawful labor practice. We will not stand idle, we will take the necessary measures to protect the interests of our members. Therefore, I urge you to reconsider the stance of the company regarding not recruiting for the positions of utility (1), facilities (2) and janitor (1) contained in the letter.

Sincerely,  
[illegible signature]  
Francisco Díaz  
President ILA 1575

Cc: Mr. Harold Dagget, Pres. ILA AFL-CIO  
Mr. Benny Holland Jr., Exec. Vice Pres. ILA AFL-CIO  
Mr. Dennis Dagget, Pres. A.C.D. ILA  
Mr. John Baker, Vice Pres.-Organizer  
Mr. B. Gleason, Sec. Tes. ILA AFL-CIO  
Mr. J. Vélez, Vice Pres. ILA AFL-CIO  
Mr. F. García, Vice Pres. A.C.D. ILA AFL-CIO

P.O. Box 9023783 San Juan, Puerto Rico 00902 - 3783  
Teléfonos: (787) 781-9393 • 781-9854 • 783-4715 • 781-9094 / Fax: (787) 781-9582

[I hereby certify that this is a true and accurate translation to the best of my abilities.

U.S. Court Certified Interpreter & Translator  
Certificate No. 06-001]]