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ANNUAL REPORT

YEARS

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CARRIERS CONTAINER COUNCIL, INC.

Council Profile

The Carriers Container Council, Inc. (CCC) was incorporated on June 4, 1987, as an association of ocean carriers serving the U.S. Atlantic and Gulf liner trades. In 2001, the Council's automated member companies handled more than 52.0 million long tons of containerized cargo through Atlantic and Gulf Coast ports.

Mission Accomplished

Beginning with fiscal year 1986–87, the mission of the Carriers Container Council, Inc. (CCC) over the past 15 years has been to create a more competitive labor environment and maintain the continuity of port operations through the collective bargaining process for the benefit of management and labor.

CCC has now completed its mission. On January 1, 2002, its successor organization, the United States Maritime Alliance, Ltd. (USMX), assumed the leadership in promoting and enhancing the partnership with other management interests, and in addressing the needs of the industry and its customers.

Chairman's Report

Dear Members,

This is my last *Chairman's Report* to you, and it is a bittersweet time.

Bitter because it marks our close as an organization. Sweet because CCC has achieved the objectives it set in 1986.

The year 2002 will see the Council give way to the "CCC Service Corp.," a new corporation which is a for-profit subsidiary of the United States Maritime Alliance, Ltd. (USMX), and it ushers in a period of opportunity for growth under new leadership.

So there's sorrow in seeing the Council end its time, and joy in watching its successor, USMX, shoulder the task of leading its constituencies—carriers, terminal operators and port associations—in collective bargaining with the ILA.

In taking on that task, USMX will be all the stronger because it comprises all the management sectors which operate along the Atlantic and Gulf coasts.

CCC has lived up to its mission—the ILA has indeed become more competitive, the industry has enjoyed a coast-wide labor peace unbroken for 25 years, and labor and management have together created a collective bargaining process enhanced by mutual and growing trust, not undermined by strikes and slowdowns.

The truth is in the numbers. Coast-wide, industry cost savings amount to over $280 million for the five-year period of the Master Contract negotiated in 1996. Container Royalty CAP refunds to carriers negotiated in collective bargaining amount to over $100 million. The national health care plan, MILA, negotiated with the ILA has saved $61 million in the two years it has been fully in place.

As for labor, the ILA has clearly grown to be a more productive work force, more able to battle against encroaching nonunion and non-ILA operators coast-wide. Furthermore, the union has entered wholeheartedly into our training, retraining and safety programs to a degree unachievable 15 years ago.

I can look back and ask, "Could we have done better?"

Of course. But we carriers have done all we could to perfect the business of labor-management relations on the Atlantic and Gulf coasts.

We fell short of the perfection we reached for, but as Thomas More said, "To live is to change and to be perfect is to change often."

It was in the spirit of change that ocean carriers formed the Council in 1986. We did not feel that our voice was being heard with sufficient attention, and we needed not only to be heard, but respected, as an organization whose ships called at the entire port range from Maine to Texas.

We said, "This is what we want in the Master Contract," and the ILA listened because we spoke with one voice. And gradually, over time, we delivered significant benefits for the carrier community, and for the ILA, our negotiating partner.

The results I have cited speak for themselves. They could not have been achieved without the hard work and dedication of our directors, staff and members through the years since 1986. They all added something of value, and it is they who deserve the most credit for the way in which they came together to set and achieve our goals notwithstanding long odds. That work and dedication benefited everybody with a stake in the collective bargaining process, management and labor alike.

Inevitably, the faces changed along the way, but the common effort remained the same. Sadly, we have lost from our ranks people like John Millard, our secretary and a director since 1986, Jimmy Newsome, who toiled for years in the South Atlantic and the Gulf, and Peter C. Lambos, CCC's first co-counsel .

I thank the Board of Directors for its tireless services to CCC, and for participating so wholeheartedly in the creation of USMX. On behalf of the Board and the Council's members, I extend our gratitude to the dedicated CCC staff who made it possible for us to reach our objectives.

I especially thank Bernie De Lury for his yeoman work, and wish him a rapid recovery and continued good health. To Bill Detweiler, Jimmy McIntire, Walter Niemand and Joan Pintauro, my best wishes on their new roles with USMX, and to Kirk Krieger, Joe Marino, Richie Glogowski, Steve Fromin, Kelly Ryan and Diane Trapp, I wish every success at CCC Service Corp.

My thanks also to Peter Lambos and Bill Spelman, our counsel; our actuaries Dan Stewart and Jacque Modai, and to John Cuddihy of The Christopher Group, our communications consultant. It has been my pleasure to have served with all of you at CCC.

As to what the future holds in the collective bargaining process, I have the utmost confidence in the leadership of Jim Capo, chairman and chief executive of USMX, and John Trafficante, president of CCC Service Corp. They both bring professionalism, imagination and leadership to their separate but closely related tasks.

I am much encouraged by the way in which the ILA, under the leadership of John Bowers, has entered into the spirit of partnership in collective negotiations. I, for one, believe that there has been built between labor and management on the Atlantic and Gulf coasts a spirit of trust that will serve both parties well in the future.

That trust has shown itself in the recognition that strikes and slowdowns are counter-productive, that it is better to sit down at a bargaining table and work out differences, calmly. At the end of the day, both parties gain.

Over time, the ILA has come to recognize the value of a work force dedicated to productivity. For its part, management became more realistic about the time it would take to achieve its goals. It took patience and the conviction on both sides that certain issues were central, and that they had to come up with constructive, mutually advantageous ways to deal with them.

I have every confidence that the trust built over these past 15 years between labor and management will serve as a firm foundation for future growth and stability along the Atlantic and Gulf coasts.

I extend my best wishes on their future journey to USMX and the ILA.

David J. Tolan

David J. Tolan

Chairman

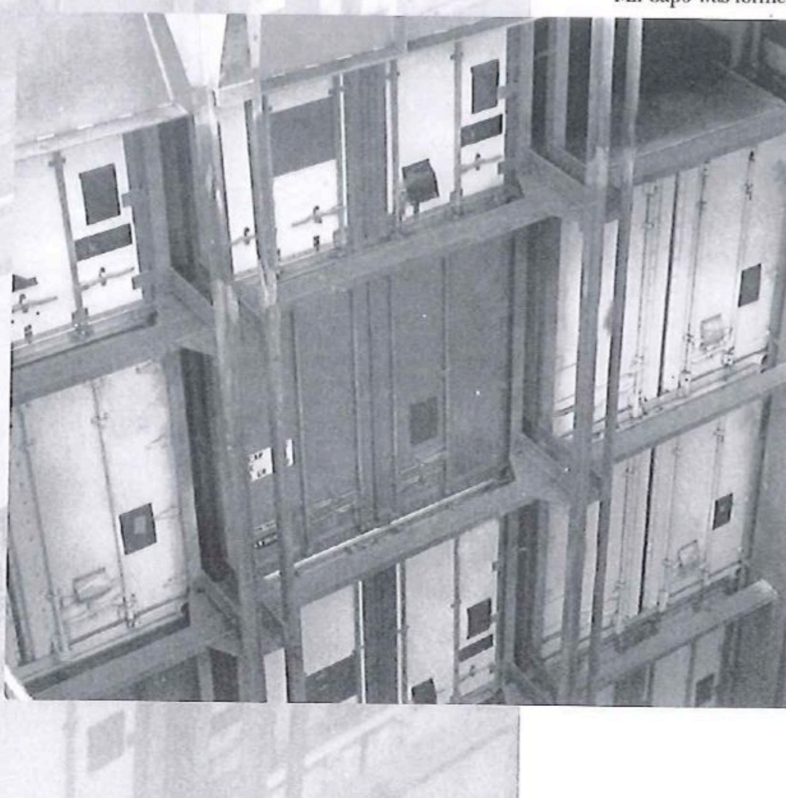
June 27, 2002

Operations Review

Leadership Changes

By year-end, the industry had restructured its management to better serve the needs of its constituencies—ocean carriers, ports, terminal operators and stevedores—in future collective bargaining on the Atlantic and Gulf coasts. Effective January 1, 2002, David J. Tolan stepped down as chairman of the United States Maritime Alliance, Ltd. (USMX). On June 30, 2002, he will relinquish the chairmanship of the Carriers Container Council, Inc. (CCC). He will be under contract until 2004 as co-chairman of MILA, the industry's managed health care plan that was fully implemented on January 1, 2000, and which he had crafted with MILA Co-Chairman John Bowers, president of the ILA.

On January 1, 2002, James A. Capo became chairman and chief executive officer of USMX, which moved its headquarters to Iselin, New Jersey, after its New York offices were destroyed in the September 11 attack. Mr. Capo leads the USMX management team which is now preparing to negotiate with the ILA on a new Master Contract to replace the current agreement, which expires in 2004. Mr. Capo was formerly president of New York Shipping Association, Inc. (NYSA).



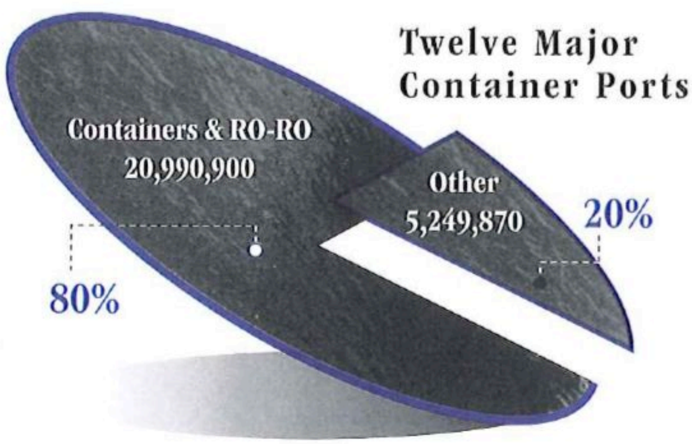
As part of the management restructuring, USMX now includes the staff and operations of the three former CCC regional offices in Baltimore, Savannah and Houston which are headed by staff vice presidents and regional directors William Detweiler, James A. McIntire, Jr. and Walter Niemand, respectively.

CCC ceased its management oversight of collective bargaining on January 1, 2002, but continues to carry out administrative and auditing responsibilities coast-wide under the leadership of John Trafficante, formerly NYSA's executive vice president, Finance & Administration.

Effective July 1, 2002, CCC will cease to exist, and a new corporation will become a for-profit subsidiary of USMX; its name will change to the "CCC Service Corp." It will continue to oversee the Container Freight Station (CFS) Program and audit, collect and reimburse to ocean carriers surplus Container Royalty CAP Funds. It will also provide accounting services and do research and statistical analysis for its corporate parent, USMX, and other industry clients along the Atlantic and Gulf coasts, and perform similar services for the Carrier-ILA Container Royalty Fund, the Container Freight Station Fund, the CAP and MILA.

David J. Tolan
Chairman
Carriers Container Council, Inc.
1986 – 2002
(2.3.4.5)

ILA Man-Hours



Contract Year Ending September 30, 2001

Sources of data: C.J. Reinhardt, *Journal of Commerce*, Port Associations

Since it came into being in 1986, the Council has served as a forum for ocean carriers in which to evaluate policy in management-labor relations, and to collectively develop and articulate carrier positions on issues critical to its members' current operations and economic future. Under its broader mandate as a USMX subsidiary, CCC Service Corp. will also assist port associations, terminal operators and stevedores in resolving taxing issues in management-labor relations.

The restructuring has strengthened USMX's ability to work toward its core mission: to preserve and protect the interests of its constituent management groups in labor relations issues affecting longshore and related maritime activity, with due consideration of the interests, safety and well-being of workers and their representatives.

Captain Aaron Forel
Executive Vice President
COSCO Americas, Inc.
Director
1987 – 2002
(1)

CCC Expanded Oversight

During the year, the Council continued to expand its oversight of the financing and administration of the Management-ILA health care plan, the Container Royalty Cap program and the Container Freight

Committee Assignments

(1) Administration and Finance
(2) Contract Administration
(3) Industry Appellate Committee
(4) Carrier–ILA Container Freight Station Trust Fund
Carrier–ILA Royalty Fund Trustee
(5) Managed Health Care Trust Fund Trustee

Station program. The Council oversees over $200 million annually, a responsibility that will be assumed by CCC Service Corp. in July 2002.

The container royalty CAP program administered by CCC generated $24 million in refunds to ocean carriers in the fifth year of the Master Contract which ended on September 30, 2001.

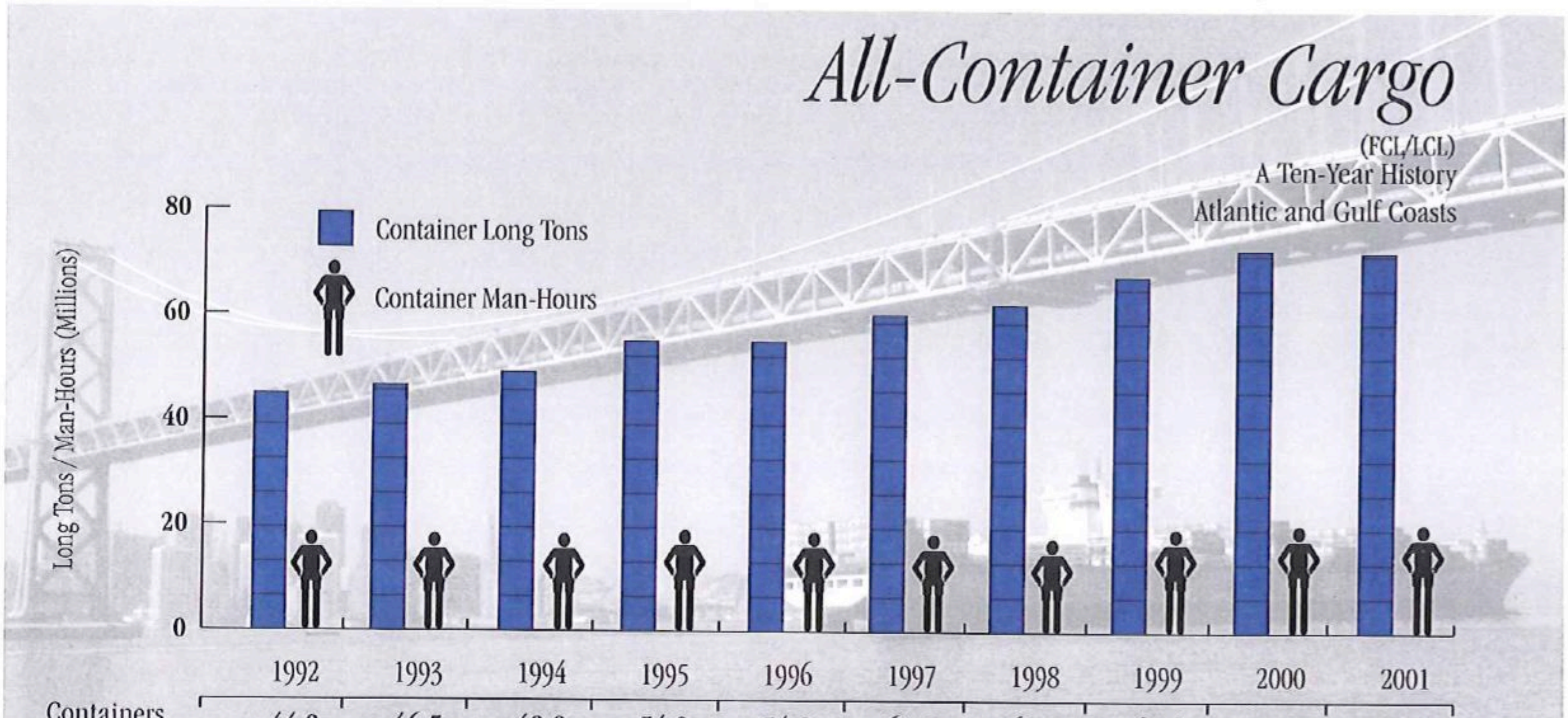
Robert G. Giani
Vice President
P&O Nedlloyd Limited
Director
1999 – 2002

Captain T.F. Hau
Senior Vice President
Operations
OOCL (USA) Inc.
Director
1997 – 2002

During the period beginning October 1, 1996, and ending September 30, 2001, ocean carriers have received over $100 million in container royalty CAP refunds. This refund total is expected to increase to well over $150 million by the year 2004, when the current Master Contract expires.

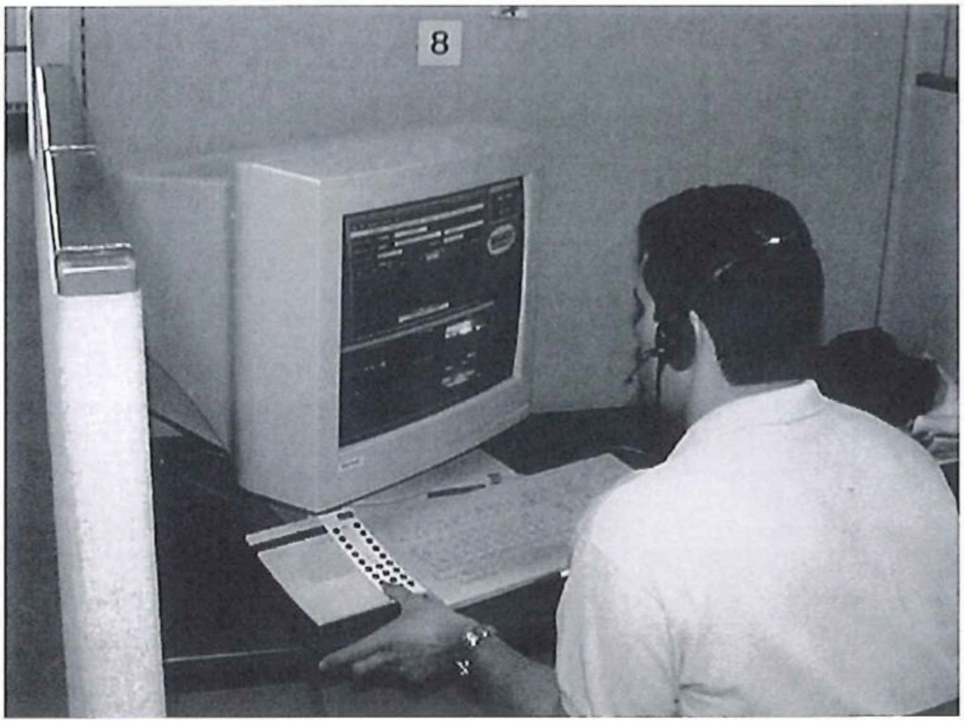
Beginning October 1, 2002, carriers will receive 60 percent of CAP refunds, compared to their current 75 percent, and the ILA share designated for supplemental cash benefits will be reduced from 25 to 20 percent. The remaining 20 percent will be paid to the Carrier-ILA Container Royalty Fund (CRF) to support the MILA health care program and local port welfare benefits.

Captain Y.T. Lin
Executive Vice President
Operations
Evergreen America Corporation
Director
1998 – 2002



	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Containers	44.9	46.5	49.0	54.9	54.9	60.1	62.0	67.4	72.5	72.1
Man-Hours	18.7	18.5	18.4	19.2	19.0	18.5	17.6	19.6	20.5	20.7

Sources of data: C.J. Reinhardt
Journal of Commerce, Port Associations



MILA Health Plan

The Management-ILA (MILA) health care plan which was fully implemented on January 1, 2000, covers some 65,000 active and retired ILA members and their dependents. The plan has earned the praise of ILA leaders and the rank-and-file since its introduction.

Beginning on January 1, 2001, a "700 Hour Plan" went into effect for ILA employees who through no fault of their own, were able to work only between 700 and 999 hours in the previous contract year. The benefits are about 70 percent of those provided by the MILA National Health Plan to employees with 1000 hours or more of work in the previous year.

The MILA plan was put into place on January 1, 2000, following a landmark agreement between David J. Tolan, then chairman of USMX, and John Bowers, the ILA president. In its increasing ability to provide excellent health care while sharply curtailing costs in the face of surging medical cost inflation, the MILA plan has been adjudged one of the most successful programs in the U.S.

The MILA plan is administered jointly by Management and the ILA through a Managed Health Care Trust Fund financed by Container Royalty No. 2 and a man-hour assessment. The plan applies the combined purchasing power of the ports, and carefully monitors eligibility to participate. CCC, as MILA's agent, rigorously audits man-hour and tonnage collections for MILA to ensure that the plan receives all of the contributions it is entitled to under the Master Contract.

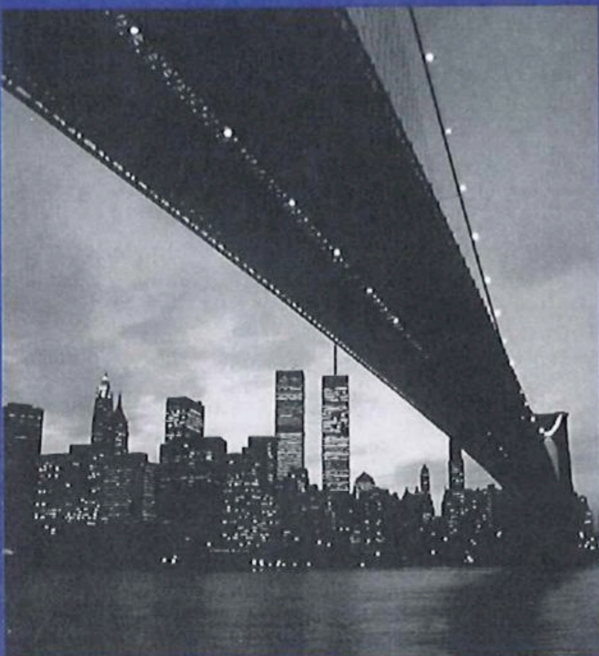
CFS Program Provided 520,000 Hours of Work

The Container Freight Station (CFS) Program provided 520,000 hours of work for ILA members during the calendar year of the Master Contract ending December 31, 2001. This is a decrease from the 525,000 hours recorded a year earlier. Currently, there are 20 CFS stations operating.

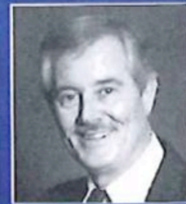
The program is financed through assessments of 30 cents per long ton on cargo carried by Master Contract subscribers. As agent of the CFS program, CCC acts on behalf of the CFS Trustees, oversees collections, and is responsible for administration. The new CCC Service Corp. will assume these duties on July 1, 2002.

From its beginning in 1989 through December 31, 2001, the CFS program has provided to ILA members more than $98.8 million in wage subsidy payments and distributed to ports $38.6 million for skills training. The ILA-CCC training facility at the Maritime Institute of Technology and Graduate Studies (MITAGS) in Linthicum Heights, Maryland, has received $3.0 million from the Carrier-ILA Container Freight Station Trust Fund over the past 12 years.

Mid-Atlantic Region



William Detweiler
Vice President
Director
Mid-Atlantic Region
1990 – 2001



Vice President and **Mid-Atlantic Region** Director William Detweiler represents management in labor relations matters and monitors negotiations in the ports of Boston, Philadelphia, Baltimore and Hampton Roads. Operating from an office in Baltimore, he manages ILA training programs conducted at the Carrier-ILA Training Facility (MITAGS) in Linthicum Heights, Maryland, in addition to local port training program requests for funding.

Elizabeth Pugh
Secretary
1990 – 2001

Mr. Detweiler serves as chairman of the USMX Environmental and Dredging Committee, which co-sponsored with the ILA a "Port Day on the Hill" in Washington, DC in 2001. He also serves on the USMX Trucking, 16-Hour, Certification/Re-certification, and Powered Industrial Truck (PIT) Committees, and distributes the monthly *Labor Relations Newsletter*. He participates in port activities involving the private sector, the U.S. Coast Guard, U.S. Customs, U.S. Army Corps of Engineers and seaport security.

South Atlantic Region

James W. McIntire, Jr.
Vice President
Director
South Atlantic Region
1994 – 2001

Vice President and **South Atlantic Region** Director James W. McIntire, Jr. reported that his office continued to administer the CCC-ILA South Atlantic Maintenance Agreement. The Region office participates in Master Contract Local Industry Grievance Committee (LIGC) meetings covering such topics as computer input, terminal manning, maintenance and repair, major container damage and seniority.

Roberta Beasley
Administrative Assistant
1988 – 2001

Candace Love
EDP / Clerical / Receptionist
1990 – 2001

Mr. McIntire was also involved in 2001 with many important maritime issues such as port dredging and security, the Savannah LNG facility and the expansion of the Port of Charleston. Mr. McIntire serves on the IAC, PIT, Certification/Recertification, 16-Hour and Trucking Committees of USMX.

Gulf Region

Walter A. Neimand
Vice President
Director
Gulf Region
1997 – 2001

In the **Gulf Region**, Vice President and Region Director Walter A. Niemand reported an active and productive year. Regular meetings were held throughout the year with CCC and/or USMX member companies involving Master Contract issues as well as other issues of importance involving port authorities and Government agencies.

Eight labor disputes were resolved locally without any disruptions in work and without the need for any formal LIGC or Industry Appellate Committee (IAC) proceedings; one issue involving pre-stow was resolved at the LIGC.

Mr. Niemand served on the USMX PIT, Certification/Recertification, 16-Hour, Environmental and Dredging and Governmental Affairs Committees as well as being the acting chairman of the Trucking Committee. He also served on the Houston/Galveston Navigation Safety Advisory Committee, the Houston/Galveston Port Security Advisory Committee and the Port of Houston's Citizens Advisory Committee (CAG) and attended National Maritime Safety Association, Management-ILA (MILA) and CCC/USMX meetings throughout 2001 as well as being involved in the first "Port Day on the Hill" activities in Washington, DC.

Barbara Luttke
Administrative Assistant
1998 – 2001

Mr. Niemand participated as an original member of the Port of Houston's Intermodal Steering Committee and changes were formally implemented that improved turnaround times by 30 percent, thus reducing legislative pressures involving intermodal equipment in Texas. He also monitored local port negotiations, CFS activities and training as well as all port authority and governmental actions affecting the Gulf Region throughout the year.

Jersey City

B.E. DeLury
President and
Executive Director
1986 – 2002
(1.2.3)

At **Jersey City Headquarters,** Bernie De Lury, president and executive director, reported a return to the carriers of $24 million in Container Royalty Cap refunds. Jersey City staff also collected and audited Container Freight Station (CFS) funds and participated in trustee meetings and delinquency hearings with co-counsel and the joint sub-committee of management and the ILA.

The staff also conducted several research projects, including assisting the chairman in obtaining accommodations in the Puerto Rico trade. As agent for MILA, CCC verified and audited all MILA man-hours and tonnage contributions made to MILA by the ports. Kirk Krieger and Joseph Marino participated extensively in meetings and consultations with port administrators of local welfare plans and container royalty funds.

They also took part in the first joint meeting of CCC, as agent for MILA, with all local plan administrators with the exception of New York, to review collection procedures adopted by the MILA trustees. Also attending this initial meeting, held in Charlotte, North Carolina, were Richard Glogowski, Stephen Fromin, Joan Pintauro and co-counsel William Spelman. All representatives agreed that it was a very productive, informative conference which enhanced their knowledge of the ports' collection techniques.

Kirk D. Krieger
Vice President and
Chief Financial Officer
1978 – 2002
(1)

CCC had been scheduled to meet with NYSA plan administrators at Two World Trade Center, New York, on September 11, but were unable to do so as a result of the terrorist strike. Fortunately, all of the NYSA and CCC staffs were evacuated safely. The next morning, staff assisted in communications efforts, and made space and services available to those colleagues who could not enter the downtown area of New York City.

Stephen Fromin
Trust Fund Auditor
2001 – 2002

Richard Glogowski
Trust Fund Auditor
1992 – 2002

Joseph Marino
Controller
1991 – 2002

Joan Pintauro
Executive Assistant
1988 – 2002

Kelly Ryan
EDP/Clerical
1993 – 2002

Diane Trapp
EDP/Clerical
1994 – 2002

Financial Report

Carriers Container Council, Inc.
Consolidated Statement of Financial Position

(Balance Sheet)	*Twelve Months Ended December 31,*	*Twelve Months Ended December 31,*
Assets	2001	2000
Net cash, equivalents & Investments	10,021,982	21,340,135
Certificate of deposit	2,287,925	2,133,261
Receivables (net)	486,065	539,535
Interest / Dividend receivable	84,104	5,834,624
Prepaid expenses	0	5,000
TOTAL CURRENT ASSETS	12,880,075	29,852,555
Fixed assets and leasehold improvements, at cost, less accum. dep & amort.	73,513	121,856
Security deposits	3,276	3,276
TOTAL ASSETS:	12,956,864	29,977,687
Liabilities		
Accounts payable (vendors)	90,240	243,767
Accrued expenses, advanced membership dues	176,618	94,351
SADEF Escrow payable	3,888,633	3,746,182
Cap Refund payable	520,358	584,753
VIMAS/SIMAS Dividend, due to members	17,982	4,770,937
Post retirement health benefits payable	150,089	499,538
TOTAL LIABILITIES	4,843,920	9,939,528
TOTAL NET ASSETS	8,112,944	20,038,159
TOTAL LIABILITIES & NET ASSETS	12,956,864	29,977,687

Condensed Statement of Activities

(Income Statement)	*Twelve Months Ended December 31,*	*Twelve Months Ended December 31,*
	2001	2000
Assessments	1,520,847	1,700,082
Investment income	2,184,799	1,943,047
SIMAS/VIMAS Dividend income	0	4,770,937
Membership dues	13,500	12,500
TOTAL (unrestricted) REVENUE	3,719,146	8,426,566
TOTAL OPERATING EXPENSES	15,644,361	4,572,366
Actual Gain / (Loss)	(11,925,215)	3,854,200
Net assets, beginning of period (unrestricted)	20,038,159	16,183,959
Net assets, end of period (unrestricted)	8,112,944	20,038,159

The above is condensed from the audited financial statements.
A complete set of financial statements is available to CCC members upon request.
The above numbers have been rounded to whole dollar figures.

Report of Counsel

In the year 2001, like prior years since the inception of Carriers Container Council, Inc. ("CCC") in 1987, counsel continued its representation of CCC and its members on a full spectrum of issues. However, 2001 was different with respect to one very significant issue: the restructuring of CCC. While counsel continued to represent the interests of CCC and its members in the Courts, before the National Labor Relations Board ("NLRB"), in Local Industry Grievance Committees and the Industry Appellate Committee, and with respect to various administrative issues and the ongoing implementation and administration of MILA, counsel devoted a great deal of time in advising the Chairman and Directors in the restructuring of CCC.

Peter Keller
Executive Vice President
Operations / COO
NYK Line
Director
1999 – 2002
(5)

Restructuring CCC

James McKenna
Vice President
Operations &
Labor Relations
CSX Lines, LLC
Director
2000 – 2002
(1.5)

Throughout 2001, counsel consulted with the CCC Chairman, the President of CCC, the President of United States Maritime Alliance, Ltd. ("USMX") and the members of the Board of Directors of both CCC and USMX to create and implement a plan of restructuring whereby CCC would transfer to USMX its role as a negotiator and administrator of the Master Contract. The second phase of the plan was to dissolve CCC as a not-for-profit corporation and create a new for-profit CCC Service Corporation which will serve the information needs of the industry, USMX, NYSA, MILA and the Carrier-ILA Funds.

Working with all the interested parties, especially the CCC Chairman and the USMX President, counsel drafted and finalized a restructuring plan. This plan was then reviewed with the CCC Administrative Committee, Directors and members of CCC and USMX at a series of meetings conducted throughout the fall of 2001 and the winter of 2002. At these meetings, counsel completed each step required under Delaware Law to transfer CCC's existing authority to USMX while simultaneously dissolving CCC's corporate existence.

John Millard
(Secretary)
Vice President
Operations
Zim-American Israeli
Shipping Company
Director
1986 – 2001
(1.2.3.4.5)

In addition to preparing and implementing the restructuring plan, counsel consulted with CCC's Chairman, CCC's President and the President of USMX throughout 2001 to resolve an intricate series of issues related to the transfer of operations and personnel from CCC to either USMX or the newly created CCC Service Corporation. The culmination of counsel's efforts will occur on June 30, 2002, when CCC ceases operations and CCC Service Corporation begins its informational efforts.

Master Contract Accommodations

Following the June 2000 extension of the Master Contract through 2004, counsel consulted with the CCC Chairman, the CCC President, the USMX President and the CCC Regional Directors to address requests for accommodations to the Master Contract in 2001. During meetings of the Industry Appellate Committee, the Industry Resource Committee and other informal meetings with representatives of the ILA, counsel and the CCC-USMX officials prepared and refined accommodations to the Master Contract to protect the carriers in the United States-Puerto Rico trade and the Ports of Jacksonville, Houston, Philadelphia, New Orleans and New York.

Anthony Petrizzo
Vice President
Labor Relations
Universal Maritime
Service Corporation
Director
2000 – 2002
(2.3.5)

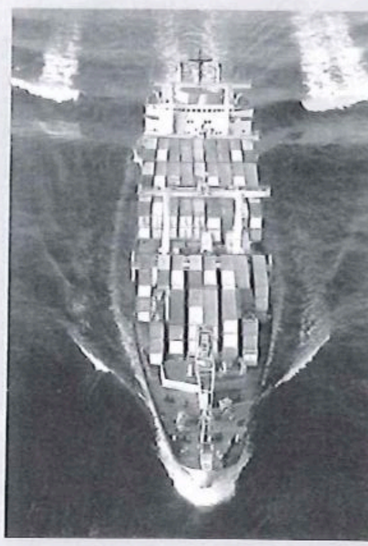
With respect to a dispute which arose in the Port of Philadelphia over the adoption and implementation of an accommodation to the Master Contract which had not been adopted pursuant to the procedure set forth in the Master Contract, counsel worked with CCC's Chairman, various ILA officials and representatives of carriers operating in Philadelphia to protect these carriers from suffering any financial injury caused by the implementation of the accommodation. The injury being suffered was the reduction of the CAP refund being received by the carriers who could not utilize the accommodation. After a series of meetings held in New York, the accommodation was approved and a claim was filed with the captive insurers who reimbursed the CCC carriers for any losses they incurred.

Rudolph Ramm
Vice President-Operations
Columbus Line USA, Inc.
Director
1986 – 2002
(1.2.5)

John Nardi
Vice President
Corporate Operations
Hapag-Lloyd (America) Inc.
Director
1999 – 2002
(1)

Dispute Resolution

Counsel consulted with the CCC Chairman, President, the three Regional Directors, CCC member representatives and the Management members of the Industry Appellate Committee and the Management-ILA Jurisdiction Committee in order to represent Management with respect to issues concerning the implementation of the 16 Hour Rule, the use of non-ILA off-pier facilities by carriers in Hampton Roads and Savannah, the application of the terms of the CCC-ILA Maintenance and Repair Agreement to operations in the South Atlantic ports, and drug testing.



As part of these efforts, counsel represented Management in two arbitrations in the ports of Savannah and Boston. In Savannah, counsel worked with the CCC Regional Director and the affected employer to protect the employer's right to suspend two mechanics who attacked each other with a gun and a baseball bat. In Boston, counsel worked with the CCC Regional Director and representatives from the Boston Shipping Association and the carrier member of CCC to defend Management against allegations of violating the Master

Robert Stephens
Director-Labor Relations
APL Limited
Director
1999 – 2002
(3.4.5)

Contract's batching rule. In both arbitrations, we are awaiting a decision from the arbitrator.

Supreme Court Proceeding

On March 21, 2001, a federal court of appeals held that the South Carolina State Ports Authority could not be sued by a private party under federal shipping law. Specifically, the court held that the SCSPA's refusal to give a carrier a berthing space was not subject to review by the Federal Maritime Commission ("FMC"). Due to the tremendous ramifications which this decision could have *vis-a-vis* the CCC members who will call at the Port of Charleston, the CCC Chairman and the USMX President directed counsel to intervene on behalf of CCC and USMX in support of the FMC's position. Thereafter, counsel prepared a petition to intervene in the United States Supreme Court proceeding to review the court of appeals' decision. The request was granted by the Supreme Court and, thereafter, counsel prepared and filed a brief on behalf of CCC and USMX in support of the FMC's position that the SCSPA's decisions are subject to review by the FMC. The case was argued before the Supreme Court on February 28, 2002. On May 28, 2002, the Supreme Court upheld the court of appeals' decision that the SCSPA's determinations are not subject to review by the FMC. The decision means that private complaints by parties such as USMX are no longer permitted. An aggrieved party must seek to convince the FMC itself to investigate a Port Authority and find it in violation of law without the benefits of facts developed in a private complaint procedure. It is probable that there will be very few of such procedures because of budgetary constraints.

Thomas P. Sullivan
General Manager
(NA) Terminal Operations
Atlantic Container Line
Director
1999 – 2002
(2)

Ole Sweedlund
General Manager
Logistics
Hanjin Shipping
Company, Ltd.
Director
1994 – 2002
(2.3.5)

Threatened Work Stoppages In Charleston

David Whene
Senior Vice President
Operations
Navieras NPR, Inc.
Director
1995 – 2002

Throughout much of 2001, counsel, together with CCC's Chairman, CCC's Regional Director and representatives from the CCC members that operate in the Port of Charleston, monitored the status of the proceedings involving the five ILA members who had been indicted by the State of South Carolina for felony riot. This was done in response to a threat that the ILA and its locals would join other labor organizations in organizing strike activity against carriers and other longshore employers to exert political pressure on the State of South Carolina to drop the charges. Counsel also prepared the necessary documents to file a demand for an immediate arbitration to invoke the no-strike provision of the Master Contract, if a strike occurred. Finally, counsel contacted the National Labor

Relations Board and the NLRB's General Counsel in order to insure that the NLRB would intervene to prevent any illegal secondary boycott activity that could have caused irreparable injury to CCC's members and the other longshore employers. In conjunction with these meetings, counsel submitted a detailed memorandum of law and position paper to the NLRB General Counsel.

MILA

With MILA in its second year of full operations, counsel worked with the CCC Chairman and other Management representatives who serve as MILA Trustees on a wide spectrum of issues. In addition to the day-to-day administrative issues, counsel provided consultation and advice concerning MILA's selection of a new pharmacy benefits manager by the MILA Trustees. In addition, counsel continued to counsel the Trustees and MILA's Executive Director with respect to a series of subpoenas served on MILA by the United States Department of Labor, Office of the Inspector General and the Department of Justice.

Seaport Security

The most significant activity in the regulatory arena in the past year concerns seaport security. While our efforts preceded September 11th, subsequent events created a new urgency to our work. Counsel, along with many CCC members, testified at several Senate and House hearings on proposed seaport security legislation. Counsel has consulted with other leading maritime organizations in seeking and making recommendations for effective security measures that do not impede productivity. Counsel and industry representatives have been actively participating in developmental sessions with the U.S. Coast Guard and the various new federal agencies and entities under the auspices of the U.S. Department of Transportation and the Office of Homeland Security.

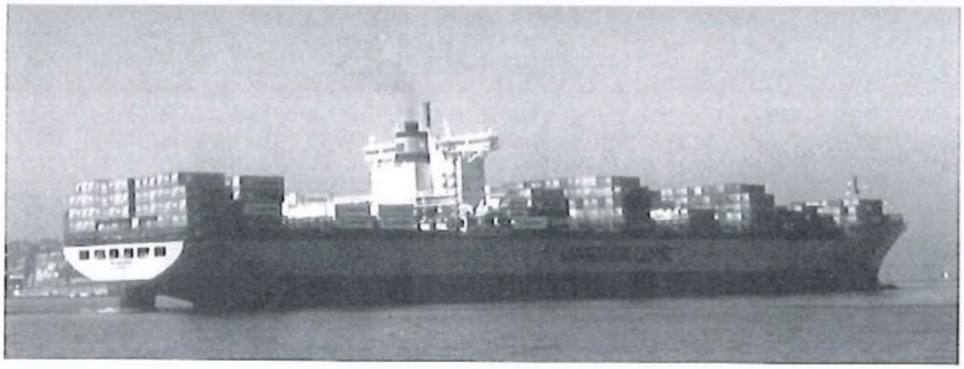
Significant issues that have been addressed concern credentialing, perimeter security and total supply chain security. Counsel anticipates that the industry's efforts will continue as the appropriate regulatory agencies promulgate rules under federal seaport security legislation expected to become law during the summer of 2002.

Powered Industrial Trucks

The state-of-the-art Powered Industrial Truck ("PIT") training materials consisting of videos, student workbooks, trainers' guides, PowerPoint presentations and interactive CD-ROM courses which were prepared by counsel and representatives from CCC and USMX have been very well received by the industry. The materials were delivered to training centers and member companies in time to ensure compliance with the effective date under the maritime industry settlement with the Occupational Safety and Health Administration ("OSHA"). It has been reported that since the introduction of these materials into the industry's training efforts, the quality and individual enjoyment of the training experience has significantly increased.

Vertical Tandem Lifts

Counsel's efforts to promote and preserve the practice of Vertical Tandem Lifts ("VLTs") continued. A significant milestone was achieved when the International Organization for Standardization ("ISO") announced that the proposed amendment to ISO 3874--the cargo handling standard recognizing VTLs as a safe and efficient cargo handling practice--was adopted after the second round of voting. This amendment will be published in the late summer of 2002.



Counsel, together with industry representatives, continued to participate in the promulgation of international guidelines for VTLs under the auspices of the International Cargo Handling Co-ordination Association ("ICHCA"). After several rounds of consultations and considerable Safety Panel deliberations, it is anticipated the guidelines will also be published late in the summer of 2002. These guidelines will provide assistance for carriers and marine terminal operators seeking to incorporate VTLs into their operations.

Intermodal Equipment Interchange

Counsel, working with the Regional Directors, participated in the ongoing efforts to prevent trucking interests from shifting the liability for the operation of over-the-road intermodal equipment were ongoing as well. While there was no significant activity on the federal level, trucking interests were active on the state level and in the State of New Jersey in particular. CCC member companies appeared before the New Jersey State Legislature to offer testimony on equipment interchange and maintenance practices. Throughout these hearings, counsel consulted with the members to prepare their testimony as well as to represent the interests of the carriers overall.

Cert/Re-Cert Training Program

Largely due to the response to the PIT training materials, it was determined that enhanced training materials for Shoreside and Rubber Tire Gantry Cranes were needed to increase the effectiveness of our training and satisfy the demand for such training. At the direction of CCC's Chairman and the USMX President, counsel participated in a series of meetings to develop the training materials. In addition, counsel has been directed to participate in the creation of a general longshoring orientation program. It is anticipated that these materials, along with the PIT training materials, will become an important component of the Cert/Re-Cert program. Counsel, together with both management and ILA groups, participated in brain-storming sessions to develop suggestions for appropriate program content. Production is scheduled to begin shortly with product delivery anticipated in March of 2003.

VIMAS / SIMAS / NIMAS

Throughout 2001, counsel worked with CCC's Chairman and staff, accountants and actuaries to represent the interest of the carriers in connection with the insurance program set up to protect the carriers, the Vermont Insurance Maritime Indemnity and Suretyship Company, its Bermuda-based reinsurer, the Shipping Industry Mutual Assurance Association, Ltd. and its subsidiary, the National Insurance Mutual Assurance Society Limited. Counsel also reviewed the application of the program to various claims, which review resulted in payments to several CCC members for losses the carriers had suffered. Finally, counsel advised the directors as to paying dividends to the insureds to provide funding for industry needs.

CCC Members

Alianca Line

APL Limited

Atlantic Container Line, AS

CCNI

Cho Yang Shipping Co., Ltd.

CMA/CGM (America), Inc.

Columbus Line USA, Inc.

COSCO Americas, Inc.

Crowley American Transport

CSX Lines, LLC

Evergreen America Corporation

Farrell Lines Incorporated

Hanjin Shipping Company, Ltd.

Hapag-Lloyd Container Line GmbH

Italia Line

Lloyd Triestino America Corp.

Maersk Sealand

Mediterranean Shipping Company SA

Mitsui OSK Lines Ltd.

Navieras NPR, Inc.

NYK Line Inc.

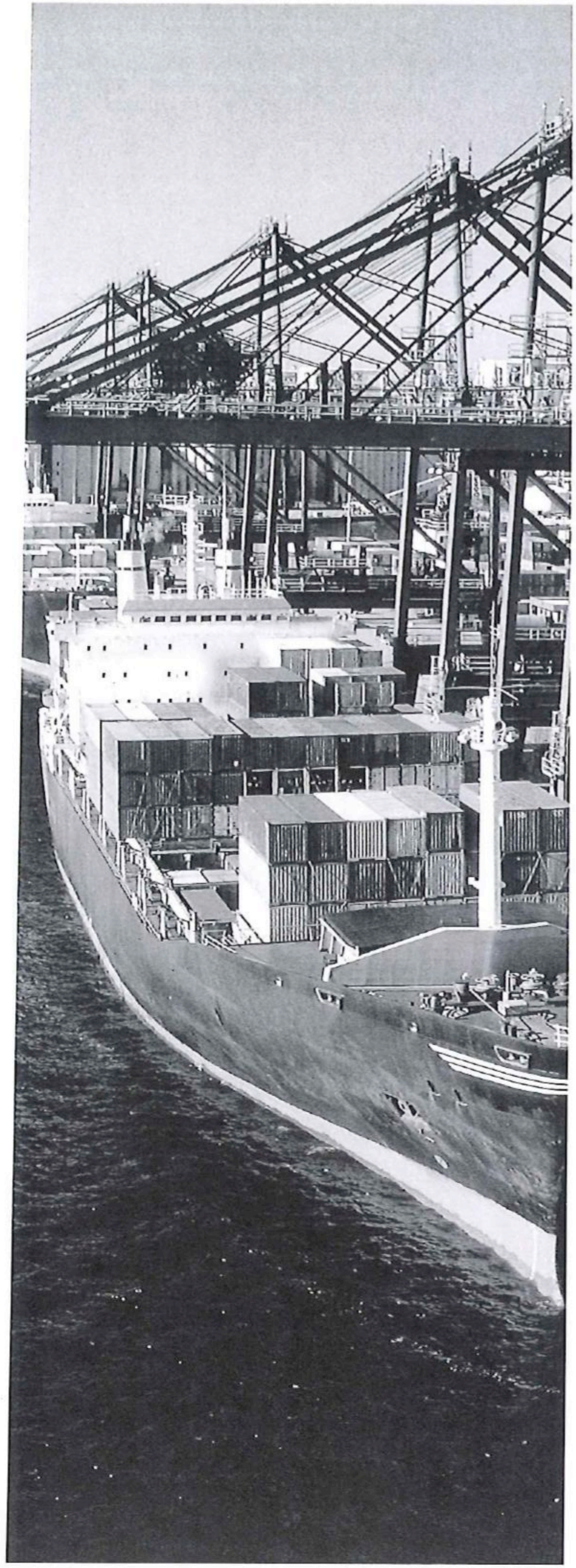
OOCL (USA) Inc.

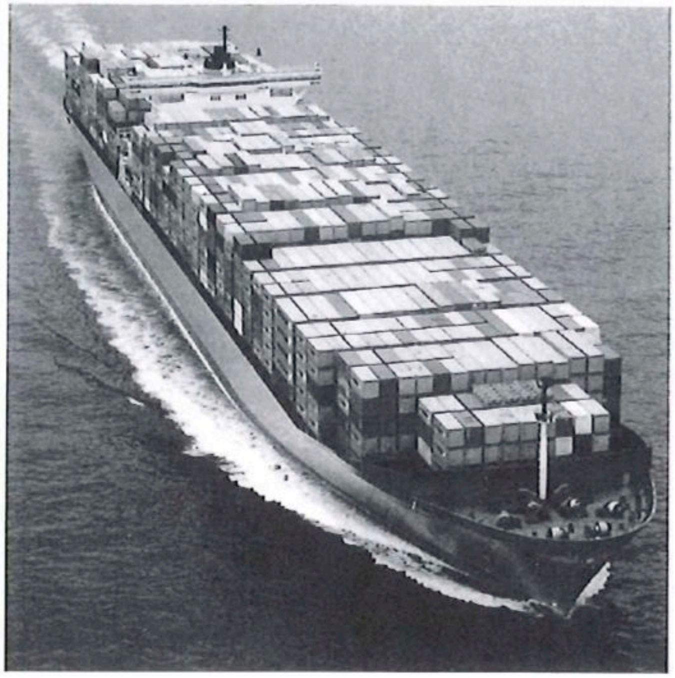
P&O Nedlloyd Limited

Wallenius Wilhelmsen Lines

Yangming Marine Transport Corp.

Zim-American Israeli Shipping Co., Inc.





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