Trends in North America
Terminal Operations
Volume - Containers

- U.S. Container growth rate is 1 million TEUS per year
- Worldwide fleet of containers at the beginning of 2005 was 13 million with overall capacity of approx 20 million TEUS

<table>
<thead>
<tr>
<th>Container TEU Volume</th>
<th>2000</th>
<th>2005</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York/New Jersey</td>
<td>3,050,746</td>
<td>4,792,922</td>
<td>57%</td>
</tr>
<tr>
<td>Port of Virginia</td>
<td>1,375,000</td>
<td>1,981,955</td>
<td>44%</td>
</tr>
<tr>
<td>Port of Long Beach</td>
<td>4,600,787</td>
<td>6,709,818</td>
<td>46%</td>
</tr>
<tr>
<td>Port of Los Angeles</td>
<td>4,879,428</td>
<td>7,484,624</td>
<td>53%</td>
</tr>
<tr>
<td>Port of Seattle</td>
<td>1,488,267</td>
<td>2,087,929</td>
<td>40%</td>
</tr>
<tr>
<td>Port of Tacoma</td>
<td>1,320,272</td>
<td>2,063,264</td>
<td>56%</td>
</tr>
</tbody>
</table>

Source: US DOT MARAD 2004 Vessel Call Report
## Volume – Vessel Calls

### Annual Vessel Calls (Container Vessels)

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>% Change 2000 to 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Atlantic</td>
<td>3208</td>
<td>3196</td>
<td>3043</td>
<td>3036</td>
<td>3115</td>
<td>-2.90%</td>
</tr>
<tr>
<td>South Atlantic</td>
<td>5212</td>
<td>5479</td>
<td>5444</td>
<td>5341</td>
<td>6079</td>
<td>16.63%</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>673</td>
<td>586</td>
<td>568</td>
<td>504</td>
<td>505</td>
<td>-24.96%</td>
</tr>
<tr>
<td>U.S. Gulf</td>
<td>1178</td>
<td>1283</td>
<td>1262</td>
<td>1263</td>
<td>1284</td>
<td>9.00%</td>
</tr>
<tr>
<td>Pacific Northwest</td>
<td>1898</td>
<td>1705</td>
<td>1787</td>
<td>1875</td>
<td>1855</td>
<td>-2.27%</td>
</tr>
<tr>
<td>Pacific Southwest</td>
<td>5241</td>
<td>4827</td>
<td>5034</td>
<td>5268</td>
<td>5441</td>
<td>3.82%</td>
</tr>
<tr>
<td>Total Vessel Calls</td>
<td>17410</td>
<td>17076</td>
<td>17138</td>
<td>17287</td>
<td>18279</td>
<td>4.99%</td>
</tr>
</tbody>
</table>

Source: US DOT MARAD 2004 Vessel Call Report
# Volume – Total Capacity

<table>
<thead>
<tr>
<th>Annual Vessel Calls (container vessels)</th>
<th>Average TEU Capacity Per Vessel</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002</td>
</tr>
<tr>
<td>New York</td>
<td>2121</td>
</tr>
<tr>
<td>Baltimore</td>
<td>381</td>
</tr>
<tr>
<td>Virginia Ports</td>
<td>1529</td>
</tr>
<tr>
<td>Charleston</td>
<td>1393</td>
</tr>
<tr>
<td>Savannah</td>
<td>1085</td>
</tr>
<tr>
<td>Houston</td>
<td>772</td>
</tr>
<tr>
<td>LA/Long Beach</td>
<td>2779</td>
</tr>
<tr>
<td>Tacoma</td>
<td>529</td>
</tr>
<tr>
<td>Seattle</td>
<td>781</td>
</tr>
</tbody>
</table>

Source: US DOT MARAD Vessel Call Statistics

- Savannah has seen a 28% increase in vessel calls in 4 years
- New York, Virginia, Houston and Tacoma have all seen over 12% increase in vessel calls in 4 years
- The TEU capacity of ships calling Seattle has increased by 23% in 4 years
- New York, Savannah and Long Beach have seen the TEU Capacity of ships grow by over 8% in 4 years
Terminal Capacity

Many ports expecting to reach capacity by 2007

Marine terminals on the west coast handle 3500 TEUs per Acre- Port of Houston averages 5887 TEUs per acre

- Increasing the stacking density will increase terminal capacity
  - Requires equipment that can stack higher
  - Requires technology to optimize yard space

Marine terminals are using off dock empty depots and are removing chassis from terminals in order to increase throughput capacity

Marine terminals are charging export demurrage and reducing free time so that customers do not use the terminals as storage facilities.
# Terminal Capacity - Expansion

<table>
<thead>
<tr>
<th></th>
<th>U.S. Public Port Capital Expenditures (thousands of Dollars)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1946-2003 % of Expenditures</td>
<td>2004-2008 % of Expenditures</td>
<td></td>
</tr>
<tr>
<td>North Atlantic</td>
<td>$4,772,217.00 19%</td>
<td>$1,472,197.00 14%</td>
<td></td>
</tr>
<tr>
<td>South Atlantic</td>
<td>$3,924,617.00 15%</td>
<td>$2,348,159.00 22%</td>
<td></td>
</tr>
<tr>
<td>Gulf</td>
<td>$4,664,280.00 18%</td>
<td>$2,012,895.00 19%</td>
<td></td>
</tr>
<tr>
<td>South Pacific</td>
<td>$9,004,730.00 35%</td>
<td>$3,626,281.00 34%</td>
<td></td>
</tr>
<tr>
<td>North Pacific</td>
<td>$3,013,504.00 12%</td>
<td>$1,099,914.00 10%</td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$25,379,348.00</strong></td>
<td><strong>$10,559,446.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: US DOT Nov 2005 Report

- Data based on 45 Port Authorities and Terminal Operators
- Of the $10,559,446 being spent 2004-2008, $4,331,111 is on container terminals and $1,732,908 is for the infrastructure of the terminals (i.e. road, rail, utilities etc)
Environmental, Safety and Security

Maritime Transportation Act of 2002 (MTSA)
- Has strengthened and added protective layers of defense to our Nation’s Port security
- MARSEC System - mirrors the Homeland Security Levels (color coded system) - USCG issues MARSEC directives setting forth mandatory measures
- MTSA requires each terminal operator to have a trained Facility Security Officer (FSO) and they must have a Facility Security Plan (FSP)

The International Ship and Port Facility Security Code (ISPS Code) -
- Comprehensive set of measures to enhance the security of ships and port facilities
- developed after 9/11
- ISPS Codes formalizes and standardizes global security measures
Environmental, Safety and Security

This Vessel or Facility is currently operating at

MARSEC LEVEL 3
Security Level

Further specific protective security measures shall be maintained for a limited period of time when a transportation security incident is probable or imminent, although it may not be possible to identify the specific target.

MARSEC Level 3 corresponds to the Homeland Security Advisory System Red

Report transportation security incidents or suspicious people, objects or activities to:

U.S.C.G. National Response Center
1-800-424-8802

SECURITY NOTICE

BOARDING THE VESSEL OR ENTERING THIS FACILITY IS DEEMED VALID CONSENT TO SCREENING OR INSPECTION

FAILURE TO CONSENT OR SUBMIT TO SCREENING OR INSPECTION WILL RESULT IN DENIAL OR REVOCATION OF AUTHORIZATION TO BOARD OR ENTER 33CFR104.265(e)(2) • 33CFR105.255(e)(2)

APM TERMINALS

RESTRICTED AREA
AUTHORIZED PERSONNEL ONLY
Unauthorized Presence Constitutes a Breach of Security

33CFR104.265(e)(2) • 33CFR105.260(h)(6)
ISPS PART A 9.20 • ISPS PART A 16.23

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Environmental, Safety and Security

Through 2004, ports have received over $515 million in Federal Grant funding for port security.

It is expected that port facility security costs to meet the MTSA act of 2002 will be $5.4 billion over the next 10 years.
Technology and organizational innovations, efficiency gains and cost reductions have been passed to shippers in the form of lower rates and improved service.

Terminal operators are being pushed to lower the cost per lift while increasing production.

Cost of providing enhanced security, vacis exams are being passed on to the customers.
Productivity

All terminals are looking to increase productivity

- Technology advancements to automate yards
- Twin pick and quad lift spreader bars on cranes
- RTGS with GPS auto pilot
- OCR and RFID to increase traffic flow
Customer Demands

- Demand a greater reliability at lower costs
- Real time and accurate updates via technology
  - Cargo releases, Vessel production, etc
- Reduced turn time in terminals –
  - Most drivers are paid per move, not hourly
- Increased vessel production in order for ships to spend less time in ports
Truck Power

- Truck traffic is projected to double by 2025
- National Highway System consists of approximately 160,000 miles of Federal, State and Local roadways
- Pier Pass – in Los Angeles and Long Beach – in first five months, shifted 1.2 million truck moves to night and weekend gates. Now 40% of truck traffic work on off peak hours
- Rising fuel costs make it difficult to keep drivers if fuel surcharges are not offered
- Some Marine Terminals work via appointment systems to control the truck volume in the terminal

APM TERMINALS
Rail Links

- The Nation’s rail system consists of a private rail network with 174,000 miles of track connecting all 48 contiguous states as well as Canada and Mexico.

- BNSF Railway, Union Pacific Railroad, Norfolk Southern and CSX are each spending more than $1 billion this year to add tracks, increase intermodal capacity, purchase locomotives and rail cars, and hire more crew.
Competition

- Number of competitors is decreasing as stevedores merge and terminal operators buy other operators
- In 2004 the top 25 U.S. container ports handled more than 98% of the total volume of containerized cargo
- Terminal operations is a narrow margin business
- Business is not always awarded based on ‘base rates’ but the service levels the terminal operator commits to as well as the ‘extras’ that are included in the base rate