At-A-Glance
The L.A. Trade Gateway
Largest US Trade Gateway for Imports

1ST in the U.S. since 2000
CONTAINER VOLUME

9TH in the World – LA/Long Beach Complex
CONTAINER VOLUME

Top Container Ports (in millions of TEUs)

1. Shanghai, China 33.6
2. Singapore 32.6
3. Shenzhen, China 23.3
4. Hong Kong 22.4
5. Busan, South Korea 17.7
6. Ningbo, China 17.3
7. Qingdao, China 15.5
8. Guangzhou, China 15.3
9. L.A./Long Beach (‘14) 14.6
10. Dubai, Arab Emirate 13.6

North America (CY 2014)

1. Los Angeles 8.3
2. Long Beach 6.8
3. New York/New Jersey 5.8
4. Seattle-Tacoma 3.4
5. Savannah 3.3
6. Vancouver 2.9
7. Oakland 2.4
8. Hampton Roads 2.4
9. Manzanillo 2.4
10. Houston 2.0
A “FULL SERVICE” Port

7,500 acres
* 4,300 land and 3,200 water

43 miles of Waterfront
* Water depth of -53 ft

270 berths
* Includes 25 berths with Alternative Maritime Power™ (AMP™)

86 container cranes
* Includes 37 super Post-Panamax cranes and dual-trolley cranes

Public Amenities & Attractions
* Battleship IOWA and 2 other museums
* CRAFTED at the Port of Los Angeles marketplace
* Hotel, Restaurants & Retail
* 16 Marinas; 3,800 recreational boat slips

27 Terminals
• Auto (1)
• Breakbulk (4)
• Container (8)
• Dry Bulk (3)
• Liquid Bulk (7)
• Multi-Use (2)
• Passenger (2)
7 Primary Lines of Business

- **Autos (WWL)**: 112,761 units (-33%)
- **Cruise Calls**: 122 (+23%)
- **Passengers**: 578,866 (+35%)
- **Liquid Bulk (Petroleum)**: 64,244,566 barrels (+3%)
- **Fruit (SSA)**: 70,344 metric tons (-19%)
- **Scrap Metal**: 521,591 metric tons (-40%)
- **8,340,065 TEUs**: (+6%)
- **Steel (PASHA)**: 3,095,174 metric tons (+38%)
# LA’s Top Trading Partners & Commodities

## TOP 5 TRADING PARTNERS
In Cargo Value, CY 2014

1. China/Hong Kong  
   $142 billion
2. Japan  
   $39 billion
3. South Korea  
   $16 billion
4. Taiwan  
   $13 billion
5. Vietnam  
   $13 billion

## IMPORTS

### Consumer Goods

<table>
<thead>
<tr>
<th>#</th>
<th>Commodity</th>
<th>TEUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Furniture</td>
<td>439,882</td>
</tr>
<tr>
<td>2</td>
<td>Auto Parts</td>
<td>392,118</td>
</tr>
<tr>
<td>3</td>
<td>Apparel</td>
<td>313,639</td>
</tr>
<tr>
<td>4</td>
<td>Electronics</td>
<td>238,761</td>
</tr>
<tr>
<td>5</td>
<td>Footwear</td>
<td>162,727</td>
</tr>
</tbody>
</table>

*Containerized in TEUs CY 2014*

## EXPORTS

### Raw Materials & Animal Feeds

<table>
<thead>
<tr>
<th>#</th>
<th>Commodity</th>
<th>TEUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wastepaper</td>
<td>325,031</td>
</tr>
<tr>
<td>2</td>
<td>Animal Feeds</td>
<td>181,408</td>
</tr>
<tr>
<td>3</td>
<td>Scrap Metal</td>
<td>104,624</td>
</tr>
<tr>
<td>4</td>
<td>Fabrics</td>
<td>59,806</td>
</tr>
<tr>
<td>5</td>
<td>Auto Parts</td>
<td>56,713</td>
</tr>
</tbody>
</table>

*Containerized in TEUs CY 2014*
Superior Access to US Markets

- No weather delays
- Plenty of cargo capacity
- $2.4 Billion Alameda Corridor
- Over 100 trains daily through LA basin
- 2 Class 1 Carriers: Union Pacific & BNSF
- In 2012, 5.1 million TEUs moved by rail
- Access to 14 Major Freight Hubs, including:
  - Chicago
  - Atlanta
  - Memphis
  - Houston
  - San Antonio
  - Denver
  - Omaha
  - Kansas City
  - Dallas
  - St. Louis
Market Dynamics
How the Competitive Environment For Carriers is Changing
The Container Shipping Industry is Going Through a Profound Transformation

- The shipping industry is at a crossroad
- We are entering an era of low-growth and intense competition
- Shipping lines are struggling through the worst slump on record (see annualized losses over last few years)
- Developments are driving fundamental behavioral changes
- The key to success: low cost position; attractive customer value proposition
Slow Growth Means Continuing Vessel Overcapacity

Fleet capacity has averaged about 7.5% a year since 2010. Demand is only growing about 3-5% a year. Scrapping smaller vessels helps reduce capacity, but overcapacity will persist – which leads to intense pricing competition.
Capacity is Also Increasing Because Ships are Getting Bigger

Between 1988 and 2013, the largest vessel size has quadrupled – from 4,500 to 18,000 TEU

<table>
<thead>
<tr>
<th>Ship Name</th>
<th>Year</th>
<th>TEU</th>
<th>LOA (m)</th>
<th>Breath (m)</th>
<th>Draft (m)</th>
<th>Containers rows across</th>
</tr>
</thead>
<tbody>
<tr>
<td>Triple E'Class 2013</td>
<td></td>
<td>18,270 TEU</td>
<td>400</td>
<td>59.0</td>
<td>16.0</td>
<td>23</td>
</tr>
<tr>
<td>CMA CGM MARCO POLO 2012</td>
<td></td>
<td>16,020 TEU</td>
<td>395</td>
<td>53.6</td>
<td>16.0</td>
<td>21</td>
</tr>
<tr>
<td>EMMA MAERSK 2006</td>
<td></td>
<td>15,550 TEU</td>
<td>397</td>
<td>56.4</td>
<td>16.0</td>
<td>22</td>
</tr>
<tr>
<td>Gudrun Maersk 2005</td>
<td></td>
<td>9,500 TEU</td>
<td>367</td>
<td>42.8</td>
<td>15.0</td>
<td>17</td>
</tr>
<tr>
<td>Sovereign Maersk 1997</td>
<td></td>
<td>8,200 TEU</td>
<td>347</td>
<td>42.8</td>
<td>14.5</td>
<td>17</td>
</tr>
<tr>
<td>Regina Maersk 1996</td>
<td></td>
<td>7,403 TEU</td>
<td>318</td>
<td>42.8</td>
<td>14.5</td>
<td>17</td>
</tr>
<tr>
<td>NYK Altair 1994</td>
<td></td>
<td>4,553 TEU</td>
<td>300</td>
<td>37.1</td>
<td>13.0</td>
<td>15</td>
</tr>
<tr>
<td>President Truman 1988</td>
<td></td>
<td>4,538 TEU</td>
<td>275</td>
<td>39.4</td>
<td>12.5</td>
<td>16</td>
</tr>
</tbody>
</table>

© Alphaliner

© THE PORT OF LOS ANGELES
More Big Ships Are Coming

82 percent of containers vessels on order today have a capacity of 7,500+ TEUs. Carriers will take delivery of 53 vessels of 13,300 to 19,000 TEU capacity in 2015. 285 vessels of 7,500 to 18,000 TEU capacity will be delivered by the end of 2016.

based on order books as of 01 March 2014

<table>
<thead>
<tr>
<th>TEU nominal</th>
<th>2014 Deliveries</th>
<th>2015 Deliveries</th>
<th>2016 Deliveries</th>
<th>2017 Deliveries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ships</td>
<td>TEU</td>
<td>Ships</td>
<td>TEU</td>
</tr>
<tr>
<td>13,300–19,000</td>
<td>30</td>
<td>468,254</td>
<td>53</td>
<td>855,449</td>
</tr>
<tr>
<td>10,000–13,300</td>
<td>27</td>
<td>301,711</td>
<td>16</td>
<td>171,708</td>
</tr>
<tr>
<td>7,500–9,999</td>
<td>48</td>
<td>437,883</td>
<td>60</td>
<td>541,458</td>
</tr>
<tr>
<td>5,100–7,499</td>
<td>22</td>
<td>132,220</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>4,000–5,099</td>
<td>23</td>
<td>109,997</td>
<td>3</td>
<td>13,200</td>
</tr>
<tr>
<td>3,000–3,999</td>
<td>21</td>
<td>77,141</td>
<td>12</td>
<td>45,500</td>
</tr>
<tr>
<td>2,000–2,999</td>
<td>14</td>
<td>33,025</td>
<td>29</td>
<td>67,977</td>
</tr>
<tr>
<td>1,500–1,999</td>
<td>23</td>
<td>40,543</td>
<td>13</td>
<td>22,88</td>
</tr>
<tr>
<td>1,000–1,499</td>
<td>13</td>
<td>13,991</td>
<td>14</td>
<td>16,087</td>
</tr>
<tr>
<td>500–999</td>
<td>6</td>
<td>4,782</td>
<td>1</td>
<td>606</td>
</tr>
<tr>
<td>100–499</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>227</td>
<td>1,619,547</td>
<td>212</td>
<td>1,803,993</td>
</tr>
<tr>
<td>Exp. Slippage</td>
<td>-30</td>
<td>-170,000</td>
<td>15</td>
<td>80,000</td>
</tr>
<tr>
<td>TOTAL after Slippage</td>
<td>197</td>
<td>1,449,547</td>
<td>227</td>
<td>1,883,993</td>
</tr>
</tbody>
</table>

Note: The addition of the capacity by range at 1st Jan 2014 and the capacity planned for delivery during the year 2014 leads to a figure which is higher than the capacity stated as of 31 Dec 2013. The difference comes from the capacity removed from the fleet (scrapplings and losses) since 1st Jan 2014, or committed for scrap at that date (i.e. 40 ships for 126,795 TEU).

Source: Alphaliner
**Carriers Are Ordering Big Ships to Reduce Their Costs**

Why so many big ships? “To reduce costs, pure and simple.” – Lars Jensen, Sea-Intel

A 14,000 TEU vessel costs up to 60% less per slot than a 4,800 TEU vessel.

---

**Cost Per TEU Comparison**

- **4,800 TEU**
- **8,000 TEU** 47% Less/Slot
- **14,000 TEU** 60% Less/Slot

Scale is the way to cut costs.
Mega Shipping Alliances Will Favor Major Gateways Like L.A.

- Carriers are looking for density – deploy fewer but larger ships to fewer ports
- Shippers want ample warehouse, distribution center and transloading options
- Transloaded import cargo makes containers available for exports
- Speed-to-market by rail and roadway are key
- Alliance partners will leverage the most favorable terminal relationships to provide the most aggressive pricing

CMA CGM Group described the factors that lines consider when deciding which ports to call at:

- “Making a choice between ports in competition on a single market is linked to stevedoring efficiency and reliability, to port services and dues, and to maritime access.”
- ‘Wish list’ of services: “Efficiency, reliability and competitive tariffs are the clues.”
Supply Chain Challenges
How Big Ships & Carrier Alliances Impact Port Cargo Conveyance
Big Ship Dynamics

New Challenges

• Alliance calls alternate between POLA & POLB terminals
• Higher wharf productivity demands
• Greater cargo sorting complexity
• Higher peak factor at truck gates
Sorting Cargo More Efficiently

Focus Points
• Smarter cargo stowage
• Greater interaction between vessel owners, MTO’s & ports
• Enhancing high-velocity terminal hours of operation
• Opportunities for Inland Empire container yard
Improving Secondary Conveyance

Focus Points

• “Peel-Off,” Batching and other pragmatic solutions
• Exploring Ecommerce solutions (Cargomatic)
• More real-time data (routes & road conditions)
• Appointment systems
• Strategies for driver retention
• Revisiting PierPass
Finding Chassis Solutions

Focus Points

• Pool of Pools opened March 1
• Goal: more availability where
Enhancing Rail Efficiency

Focus Points

- Unit trains to inland destinations (i.e. Chicago)
- Maximizing on-dock rail
- Near-dock opportunities
The Changing Role for Ports

✓ “Landlord” role versus “Hybrid” model

✓ Deeper Collaboration is Necessary
  ➢ Example: an expanded FMC agreement approved in late February allows LA/LB to …
    ➢ Jointly address concerns relative to congestion & supply chain issues
    ➢ Work with supply chain stakeholders to enhance operational efficiencies & terminal velocity
    ➢ Jointly market the gateway & advocate for favorable funding, legislation
    ➢ Continue our important collaboration on environmental and safety initiatives

✓ Broader Dialogue with Supply Chain Stakeholders
  ➢ LA/LB port leaders held planning meeting March 23rd
  ➢ Supply Chain Optimization Forum to be held tomorrow in Long Beach

✓ New levels of promotion & dialogue with customers & cargo owners
  ➢ Ports need to market to carrier alliances & help terminal operators and carriers achieve efficiency gains
We Lead Through Our Actions

January-June 2014 -- #1 Port in Berth Productivity
✓ Evergreen Container Terminal
✓ West Basin Container Terminal
✓ APM Terminal / Pier 400
✓ TraPac
✓ Yusen Terminals
✓ APL Global Gateway South / Pier 300

February 22 – March 7th New US Berth Productivity Record
✓ APM Terminals/Pier 400
✓ 3 Ultra-larger container ships (approx 13,000 TEUs ea)
✓ 34,465 container moves, including 28 double-stacked trains
Thank You.