Panama Canal Expansion:
What will it mean to your port & how will trade patterns be impacted?

– from the Shipper / 3PL Perspective –

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Three Issues Facing Shippers

1. Will Panama Canal traffic surge this summer in anticipation of labor problems on the U.S. West Coast?

2. How will West Coast environmental and legislative mandates impact Panama Canal traffic?

3. What challenges face the Panama Canal going forward (security, expansion, competition, etc.)
West Coast Labor Issues

- Will we see a repeat of 2002?
- How will contingency plans impact the routing balance (USWC vs. USEC)?
- When will we know for sure?
• Will excessive surcharges via the U.S. West Coast turn shippers away?
  - LA/Long Beach Clean Trucks initiative
  - Port infrastructure fees
  - State Bill 974 sponsored by Alan Lowenthal

• Is a trucker shortage imminent due to Clean Truck initiative & TWIC requirements?

• Are our East Coast ports prepared for similar mandates?
Panama Canal Security Issues

• What happens if there is a security breech on the Panama Canal and what impact would it have on the supply chain?

• What routing alternatives exist for shippers?
**Panama Expansion & Competition**

<table>
<thead>
<tr>
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<th>Panama Canal today</th>
<th>Panama Canal after expansion</th>
<th>Suez Canal today</th>
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</thead>
<tbody>
<tr>
<td>Largest ships served</td>
<td>4,000 TEU capacity</td>
<td>10,000 TEU capacity</td>
<td>15,000 TEU capacity</td>
</tr>
<tr>
<td>Channel width</td>
<td>108 feet</td>
<td>163 feet</td>
<td>262-442 feet</td>
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<tr>
<td>Channel depth</td>
<td>41-45 feet</td>
<td>60 feet</td>
<td>62 feet</td>
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- Projected completion date for Panama expansion: 2014-2015
  - Approved in October 2006 at $5.25 billion
  - Currently handles 5% of world trade
  - By 2011, 37% of the world’s container ships will be post-Panamax

- Suez Canal can accommodate 80% of the world’s supertankers
  - Currently handles 20% more traffic than the Panama Canal
  - Currently generates twice as much revenue
  - Channel depth will be dredged to 72 feet by 2010