APM Terminals

APM TERMINALS

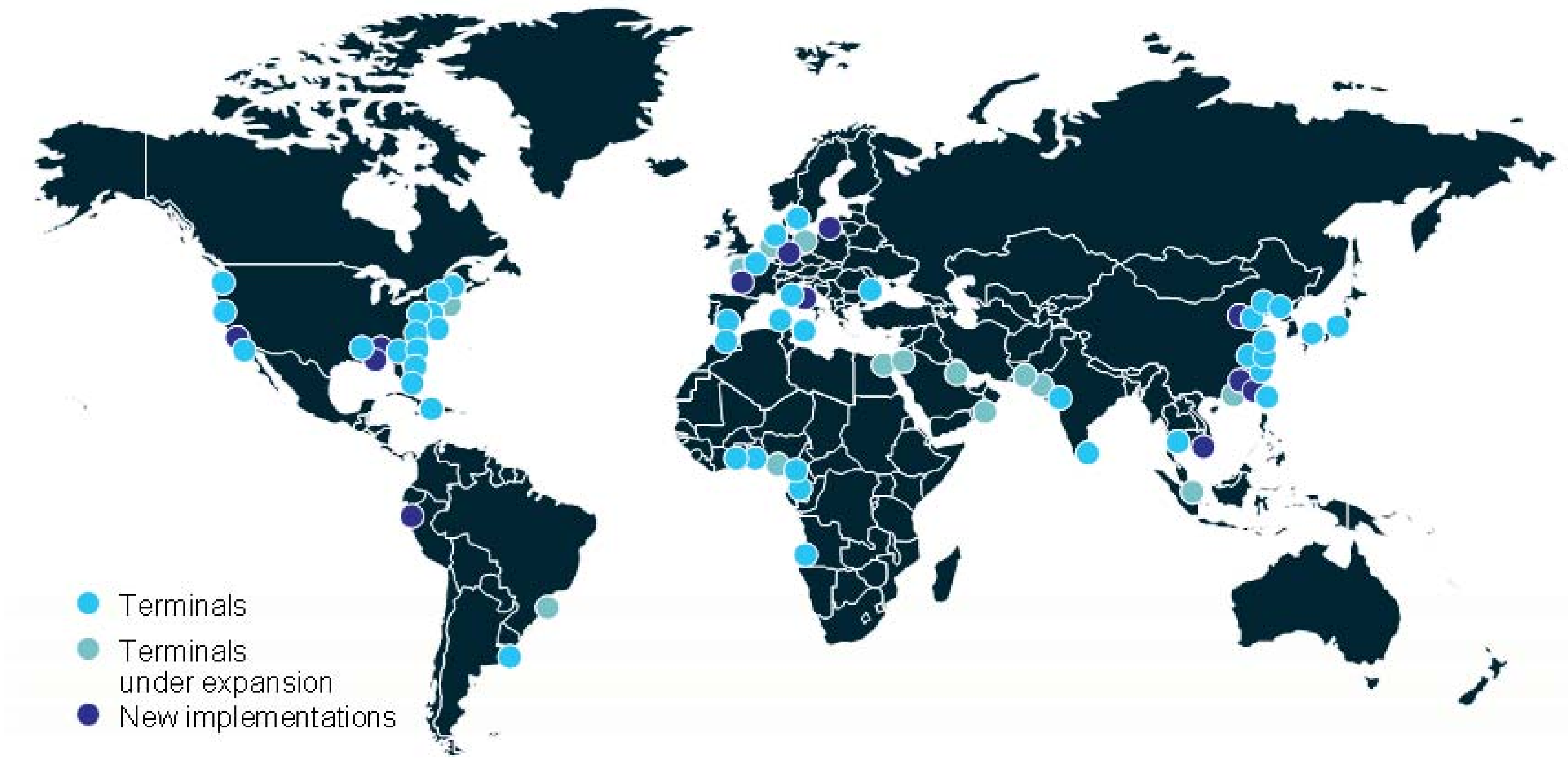
Presentation to HJR 72 Commission

December 1st, 2008

Eric Sisco, President and CEO – APM Terminals Americas

APM Terminals: an independent global terminal operator with a truly global portfolio

- 50+ terminals, 31 countries, 19,000 professionals



A major international operator with significant presence in the United States

Evolution of APM Terminals Americas

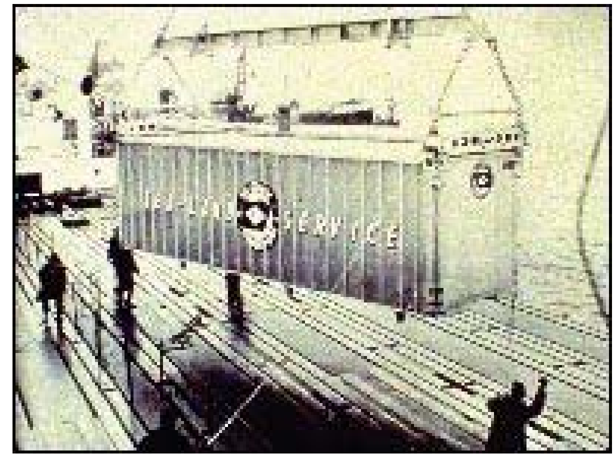
1958 — First terminal operation opened in 1958 in in New York

1975 — Dedicated Maersk Line container facility opens in Port Newark, NJ

1999 — Acquisition of Sea-Land, enlarging scope of North American portfolio; volumes triple

2001 — APM Terminals established as separate global division within AP Moller Maersk

2008 — Regional office plans to relocate to Virginia
Scope expanded to include Latin America



APM Terminals is part of the AP Moller-Maersk Group, but is an independent, separate entity from the liner activities of Maersk Line

APM Terminals Americas - diversified portfolio

1) Port Elizabeth
2) Virginia Terminal & Regional Office
3) Charleston
4) Savannah
5) Jacksonville
6) Miami
7) Mobile
8) Houston
9) Los Angeles
10) Oakland
11) Tacoma
12) Charlotte Service Center
13) Kingston
14) Posorja
15) Itajai
16) Buenos Aires
17) Pecem

APM Terminals Americas is committed to long term growth and value creation

- **Safety for Life**
  - Safety culture promoting a safe and healthy environment for all associates
- **Providing our customers with second-to-none service offerings**
  - Investing in modern infrastructure
  - Professional services with best practice and know-how from 50 terminals world-wide
- **Environmentally friendly solutions**
  - Eco-container handling equipment
  - Energy saving initiatives
- **Engaged in our communities**
  - Long term investor
  - Significant value creation to local communities

Safety for Life

APM Terminals has a long history in Virginia and has made a positive impact to the environment and community

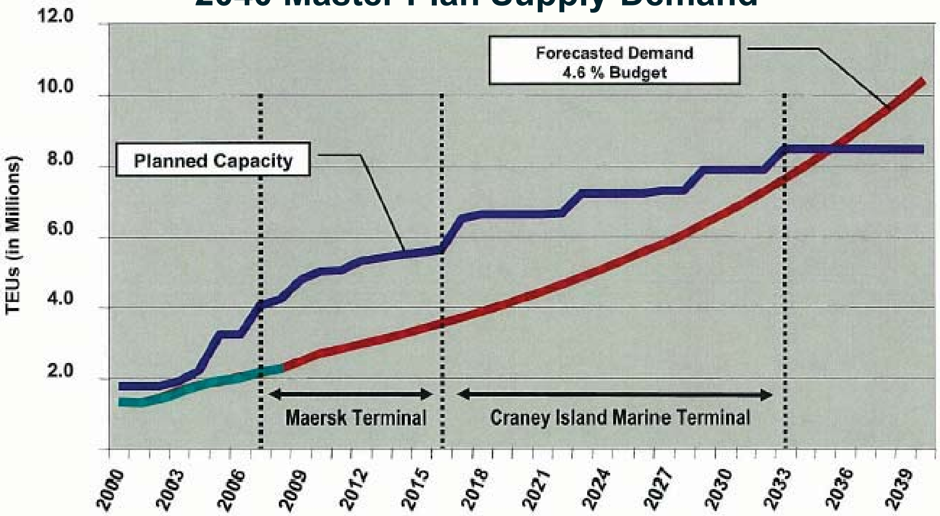
1975-2007	2001	2004	2007	2008
Operation of facility in Portsmouth	Purchase of Cox property	Start of construction	APM Terminals Virginia opens	APM Terminals Americas plans to relocate its corporate headquarters to Portsmouth, Virginia

- Significant positive environmental impact
- 6 million per year paid to the city of Portsmouth in property taxes alone
- The most state-of-the-art terminal in the Americas
- World-class customer service
  - Crane productivity levels reaching upwards of 50 mph
  - Gate turn times as low as 25 minutes
- Technologically-advanced jobs and workforce training
- Increased awareness of Hampton Roads as a premier US gateway

Capacity planning is critical in Virginia. The current economic downturn postpones need for expansion projects.

- There are multiple expansion plans in Virginia to ensure adequate capacity
  - NIT improvements
  - PMT reconfiguration
  - APMT expansion
  - Craney Island

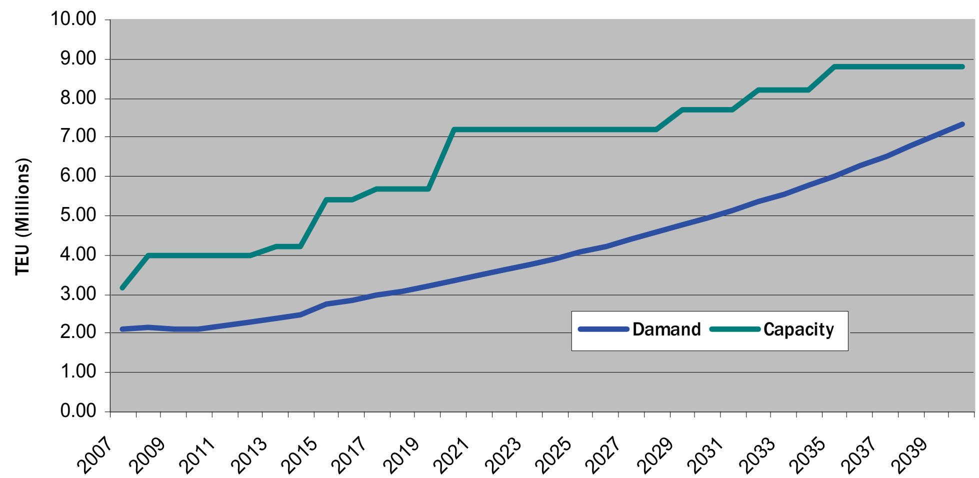
2040 Master Plan Supply-Demand



- Updated demand forecast however, is more bleak in the coming years

- It is expected that after current downturn, the Port will see a rebound, in part due to Panama Canal expansion and Heartland Corridor
- It is more likely that rail/road infrastructure – not port capacity – will be the constraining factor for Hampton Roads container traffic

Alternative view on Supply-Demand



- *Does not include capacity efficiency gains in existing facilities*
- *4.5% CAGR for 2010-2025*
- *State-owned ports' data generated from 2040 Master Plan*

How does the Commonwealth of Virginia meet its obligation to develop commerce and ensure continued economic growth?

There are various structures in the industry that vary risk and investment between the public and private sectors

Publicly Owned & Operated

- Port Authority is responsible for capital investment in infrastructure and equipment
- Port Authority typically runs yard, gate, and vessel operations
- Port authority may subcontract vessel operations or other to stevedoring company in shorter-term contract

- Examples:
  - Savannah
  - Charleston
  - Houston
  - Kingston

Lease/Concession

- Port Authority leases land to private operator, typically for 30-50 years
- Port Authority invests in major infrastructure development and quay wall
- Private operator typically invests in equipment, buildings, and paving to ready the land for operational use

- Examples:
  - Los Angeles
  - New York/New Jersey
  - Tacoma
  - Jacksonville
  - Miami
  - Oakland

Public-Private Partnership

- Greater responsibility to private sector for infrastructure development
- Public entities invest in connecting infrastructure (roads, rail, channel)
- Private operator invests in major port infrastructure, taking increased risk in return for a long-term concession

- Examples:
  - Vancouver
  - Mobile
  - ~Virginia

There is benefit in having private investors and operators in Virginia – with strategic operators adding the most long-term value

Customer Service ♦ Operations ♦ Design & Development

- Benefits of private sector involvement
  - Risk allocation (both construction and revenue risks)
  - Extensive experience in port design and development
  - Frame agreements with global equipment suppliers
  - Global expertise and know-how to provide world-class operations
  - Broad customer base from global portfolio
  - Cost-focused in order to remain competitive with other ports
  - Strong focus on productivity and customer service

- Strategic Operators
  - Long-term view on investments
  - Driven to enhance overall economic development and long-term growth
  - Global expertise and know-how

- Financial investors / banks
  - Shorter-term
  - Strong focus on profit

- Pension/Infrastructure funds
  - Assets are viewed in combination with a wider portfolio of infrastructure activities
  - Focus on long-term cash flow
  - Passive or active involvement

Financial investors who have entered the industry with highly-levered investments are being challenged in the current economic environment

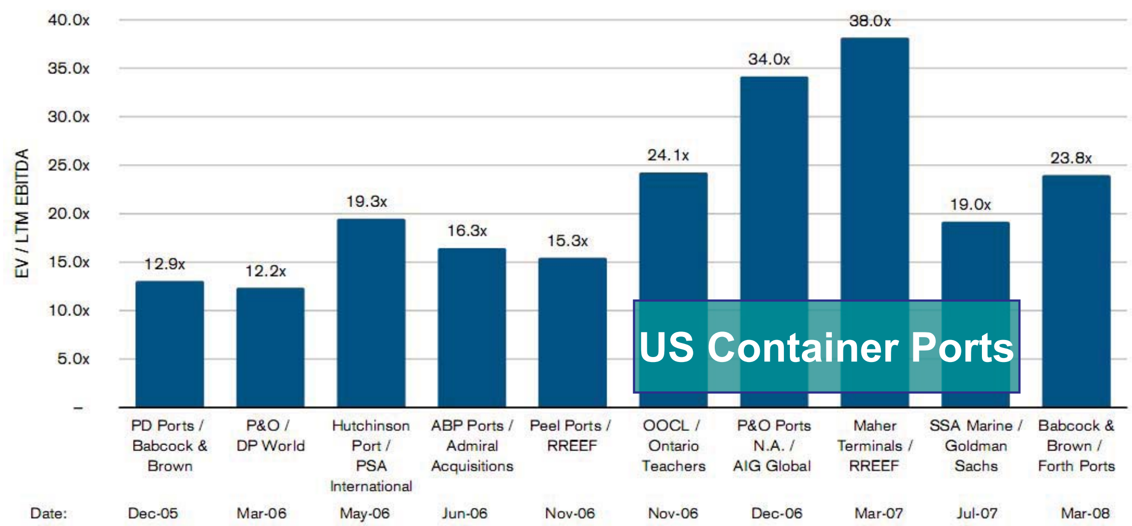
- Over the past few years, there has been an influx of financial investors who have paid significantly to enter the Port industry

- Valuations indicate these investors have overpaid for terminal assets

- Highly geared infrastructure funds are facing problems as available credit is tightening and becoming more expensive

- Large infrastructure companies exposed to sluggish local markets are disposing of non-core port assets

- Amidst the current economic situation, valuations are stabilizing to more normal levels



APM Terminals Virginia is a unique model in North America

- Significant investment in efficient capacity for the Port of Virginia:
  - Approximately $500 million investment
  - 1 million TEU capacity
  - 4500+ TEU/Acre

- A private venture outside the scope of typical port concessions in North America
- Competing with publicly owned and operated terminals in Hampton Roads
- Although challenging, this type of model can indeed work

State-run terminals

Permissible coordination between APM Terminals and VPA / VIT is key to maximizing value and economic development in Virginia

- Trade Regulation obligations must be addressed

- Projected increases in international trade will require that the Port of Virginia increase capacity to remain competitive in the long term. There are a number of scenarios for meeting that capacity.

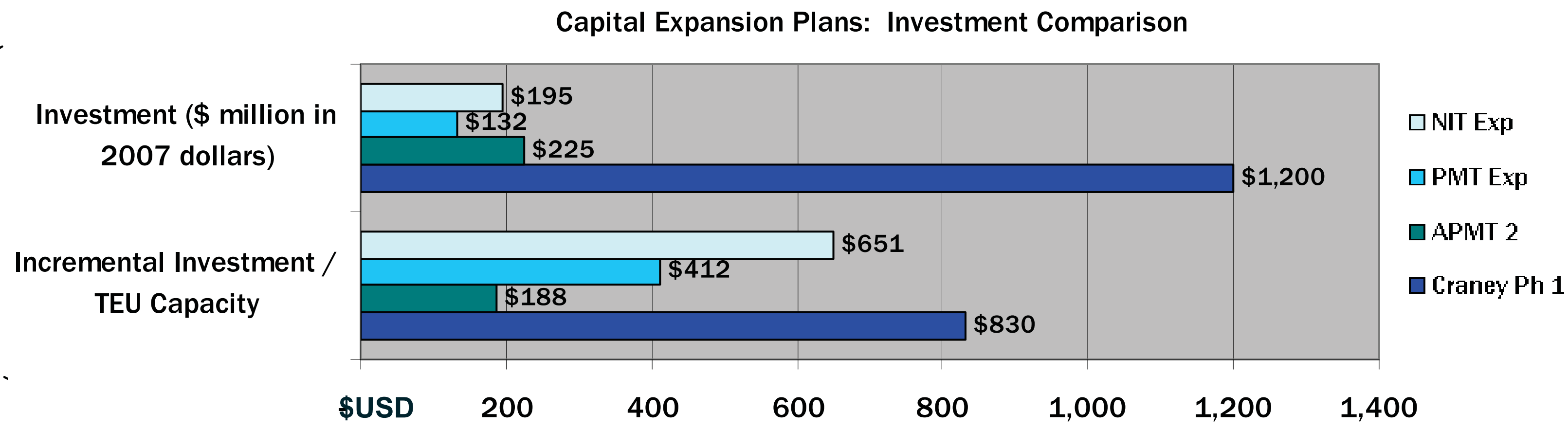
- Coordination between APM Terminals and VPA will lead to more optimal and focused capital investment scenarios
  - Port-wide assets utilized most effectively
  - Reduce funding needs while satisfying sovereign responsibilities
  - Allocate public funding to critical parts of the supply-chain (i.e. road development)

- Virginia will be poised to become the major East Coast gateway in the coming years by
  - Providing superior port and hinterland infrastructure
  - Focusing on cost reductions in order to remain competitive
  - Attracting additional importers/exporters and shipping lines to Virginia

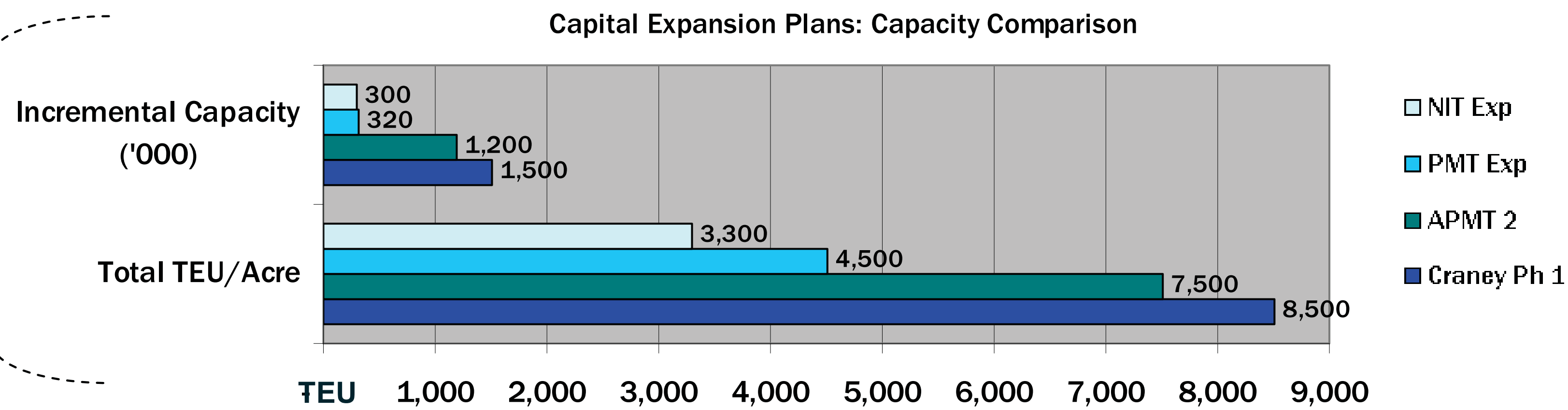
Benefits of APM Terminals and VPA / VIT coordination

Coordination will allow a more efficient approach toward capacity development. Capital expansion plans should seek to:

Minimize Investment



Maximize Capacity



The most cost-effective solutions should be pursued in order to enhance the Port of Virginia's competitiveness in the East Coast market

Next Steps for HJR 72 Commission

- Examine how to most effectively invest resources to enhance competitiveness of Ports of Virginia
- Examine highway and other non-water based constraints on growth
- Review how to reduce overall cost in the Ports of Virginia in order enhance competitiveness with East Coast port
- Explore the role of public-private partnerships in meeting these goals and determine best type of partner

Thank you