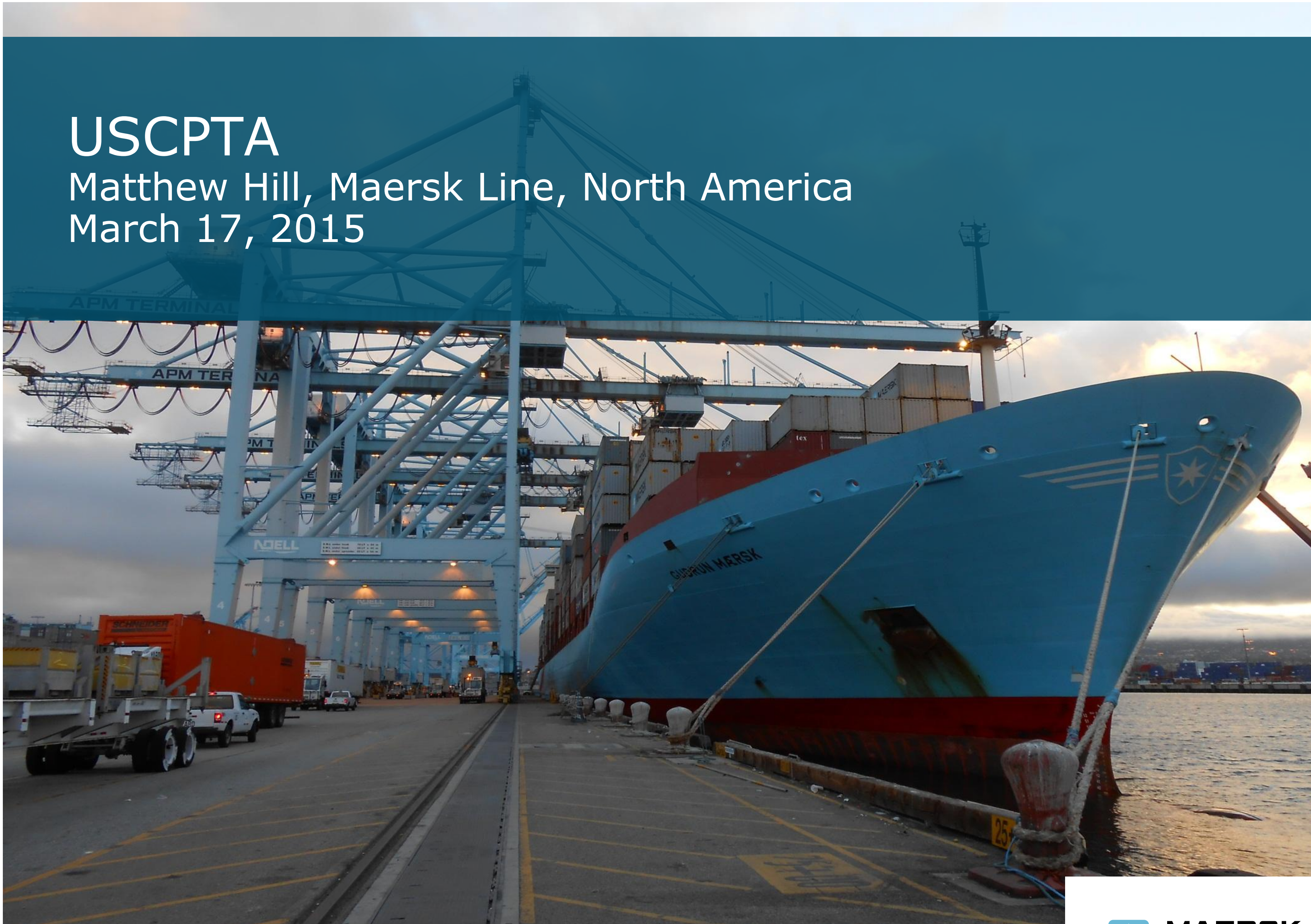
USCPTA

Matthew Hill, Maersk Line, North America
March 17, 2015



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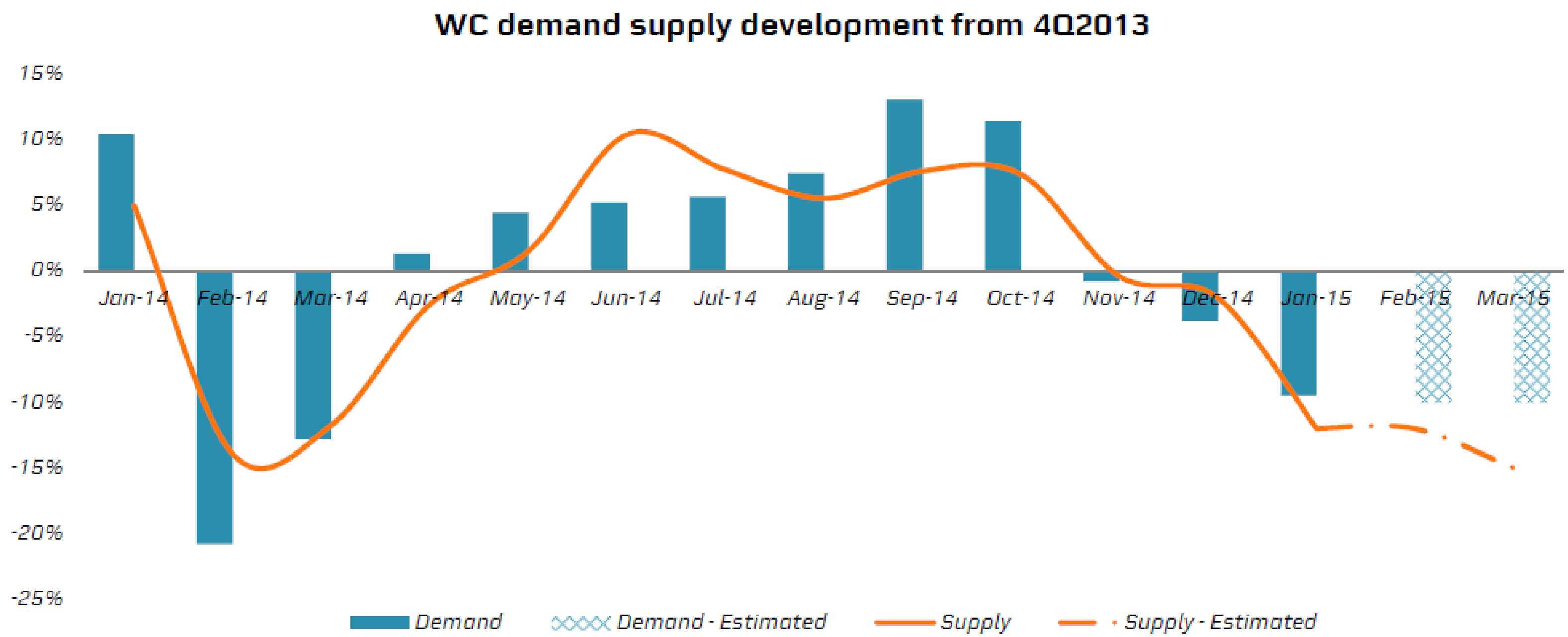
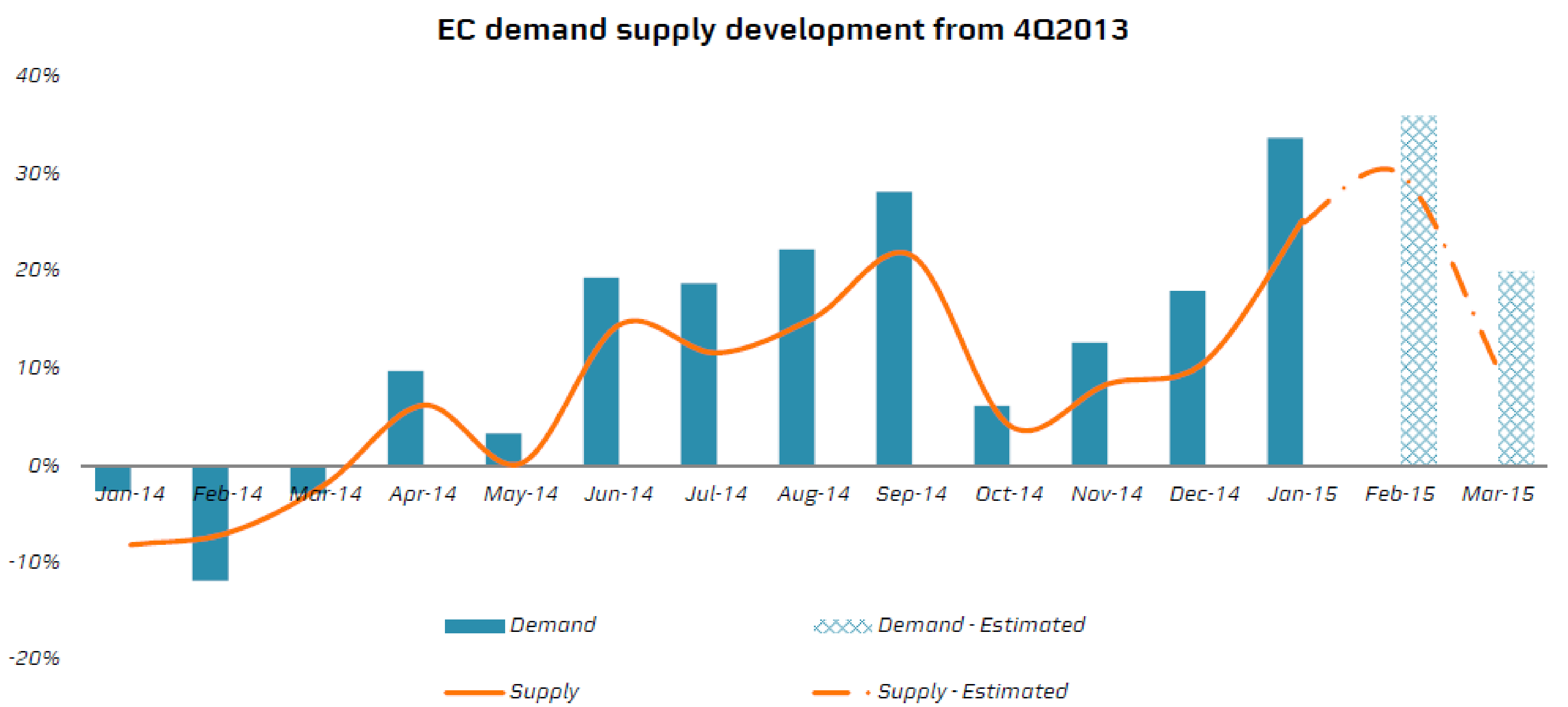
Market environment- West Coast
Oversupply will continue to be reduced over 2015



- ✓ Jan'15: demand saw a -18% yoy growth
- ✓ Supply reduced more than demand and expect further gap coming Feb, Mar'15.

Market environment- East Coast



- ✓ Demand continues to be strong, so is expected supply growth

Alliances- Expected Capacity Impact

Route	Alliance	Market share	2015 cap changes	Market cap impact
WC	2M	16%	0%	0.0%
	O3	11%	-2%	-0.2%
	CKYHE	36%	0%	0.0%
	G6	30%	-2%	-0.6%
	Total	**67%**		**-0.8%**
EC	2M	16%	0%	0.0%
	O3	11%	2%	0.2%
	CKYHE	36%	0%	0.0%
	G6	30%		0.0%
	Total	**67%**		**0.2%**

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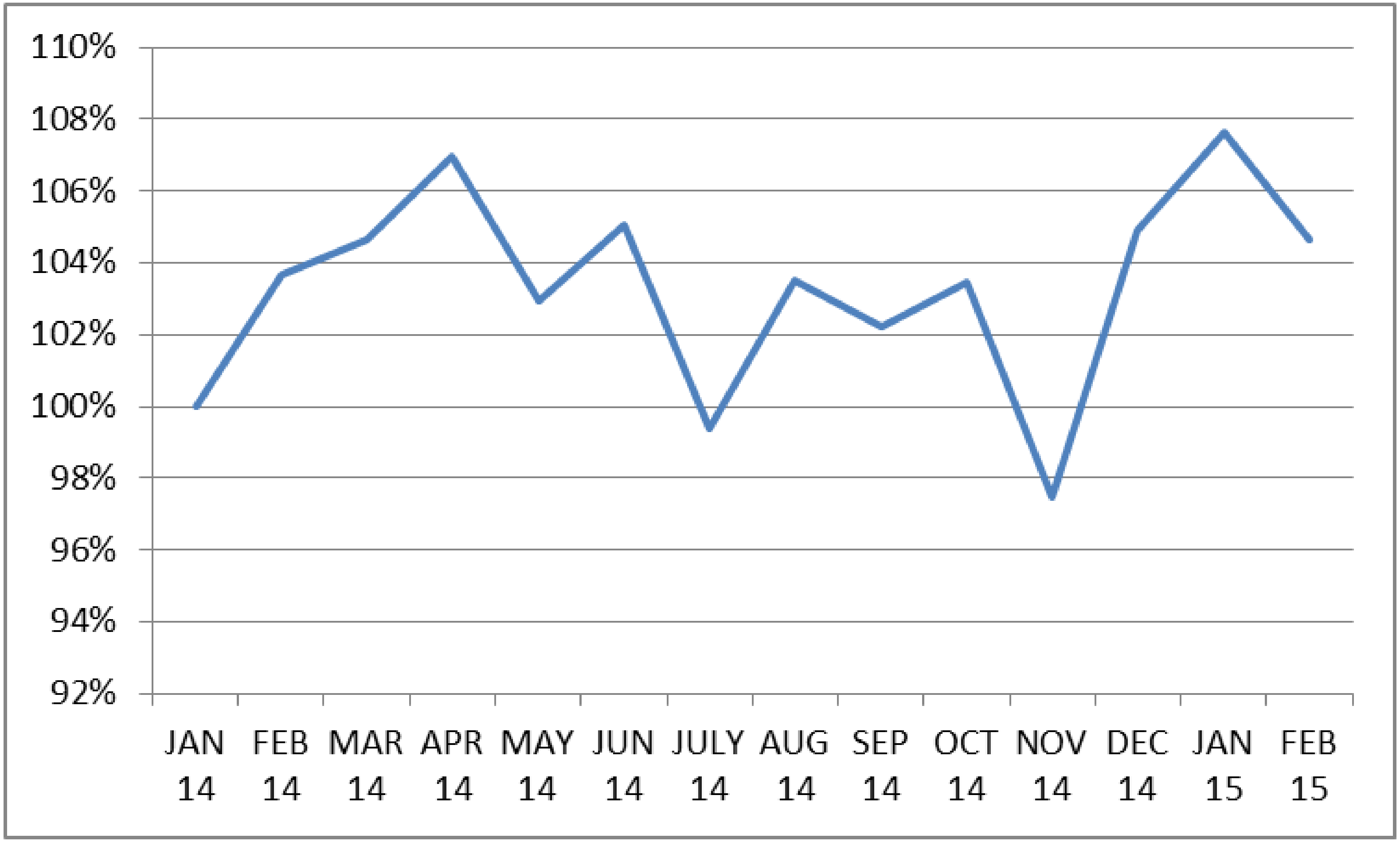
Rate development- Pacific Export



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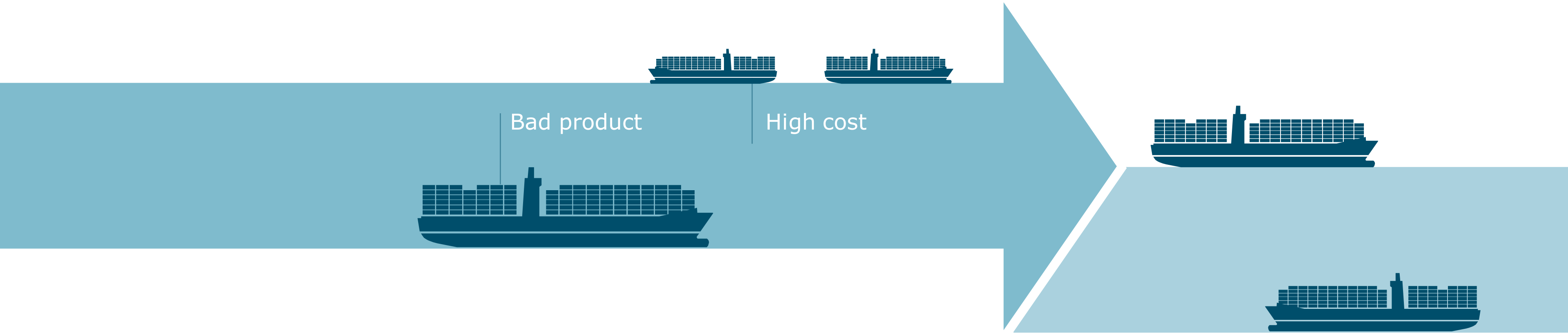
The road to Vessel Sharing Agreements



CARRIERS FACING TOUGH MARKET REQUIREMENTS

- 2 carriers operate on same trade
- Each ships 10,000 TEU per week
- Low cost (scale) and frequent sailings (more vessels) are the two main parameters for customers

TRADE-OFF BETWEEN PRODUCT AND COST

- Both carriers face same tradeoff
- 1 weekly sailing of 10,000 TEU
  – low cost but bad product
- 2 weekly sailings of 5,000 TEU
  – good product but high costs

ENABLING GOOD PRODUCT AT LOW COST

- 2 weekly sailings - 10,000 TEU
- Each carrier fills half vessel 2 times per week
- Still independent sales and pricing
- Guidelines for sharing costs

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What is on order?
(effective Dec. 2014)

	2014			2015				2016				2017		2018+
	4,700 - 7,999	8,000 - 9999	10,000 - 12999	4,700 - 7,999	8,000 - 9999	10,000 - 12999	13000+	4,700 - 7,999	8,000 - 9999	10,000 - 12999	13000+	8,000 - 9999	13000+	13000+
Ocean 3			1		10	5	19		8		6			
2M					22	2	17		12	2	6			
CKYHE		1			4	2	15		6		17	2	2	19
G6					9	4				8	4		3	1

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How many services are allied?

Transatlantic
- 2M = 3
- G6 = 4
- CKYHE = 1

Mediterranean
- 2M = 2
- G6 = 1
- CKYHE = 1

Asia –USWC
- 2M = 4
- G6 = 12
- CKYHE = 11
- O3 = 4

Asia – USEC/Gulf
- 2M = 2
- G6 = 7
- CKYHE = 6
- O3 = 2

Asia – North Europe
- 2M = 6
- G6 = 5
- CKYHE = 6
- O3 = 4

Asia – Mediterranean
- 2M = 5
- G6 = 1
- CKYHE =3
- O3 = 4

Based on Alphaliner release. Services may be subject to partial participation. CKYHE is in the process of expanding to Transpacific-trade. Its active coverage is mostly in Asia-Europe Trade

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Pacific – USWC Services

Alliance	Carriers / Service Name	Coverage	Maersk	MSC	APL	Hapag-Lloyd	HMM	MOL	NYK	OOCL	COSCO	K Line	Yang Ming	Hanjin Shg	Evergreen	CMA CGM	CSCL	UASC	Zim	PIL	Wan Hai	Hamburg Süd	Matson	Ave. weekly TEU	Capacity by Alliance	in TEU
G6	SE1	PSW			X	o	o	o	o	o														6,350		
G6	SE2	PSW			o	o	o	X	o	o														8,050		
G6/HJS	SE3 / PSG	PSW				o	o		X	o				X										6,600		
G6	SC1	PSW			X	o	o	o	o	o														10,700		
G6	SC2	PSW			o	o	o	o	o	X														8,600		
G6	CC1	PSW			o	o	X	X	o	o														6,600	G6 Total	97,500
G6	CC3	PSW	o		X	o	o	o	o	o														5,100	G6 Ave.	6,911
G6	CC4	PSW			X	o	o	o	X	o														6,200		
G6/Zim	NP1	PNW			o	o	o	o	o	X									X					8,700		
G6	NP2	PNW			o	o	X	o	o	o									o					8,550		
G6	NP3	PNW			o	X	o	X	o	X									o					8,750		
G6	PA1 / PAP / PAX	PNW			o	X	o	o	X	X														4,800		
GA/HJS	JPX	PSW				X			X	X				X	o									3,600		
MOL/KL	JAS / Calco-A / PSW3	PSW			o		o	X			o	X	o		o	o								4,900		
CKYH	Nowco-A / PNW	PNW			o		o	o			o	X	o	o										5,600		
CKYH	PNC	PNW									X	o	o	o										5,700		
CKYH	PNY	PNW									o	o	X	o										5,500		
CKYH	PNH	PNW									o		o	X										5,600		
CKYH/CSCL	CEN / AAN	PNW									X	o	o	o	o		X				o			8,750		
CKYH	PSX	PSW									o	o	o	X	o									9,300		
CKYH	PM1 / MD1	PSW									X	o	o	X	o		o							9,700	CKYHE Total	101,800
CKYH	Calco-B / PSW5	PSW									o	X	o							o	o			4,400	CKYHE Ave.	7,271
CKYH/WH	Calco-C / CAL / PSW1	PSW										X	o	o						o	X			5,700		
CKYH	YPS / PSW2	PSW									o	o	X	o		o	o	o						6,400		
C/E	SEA / HTW	PSW									X			o	X		o							13,100		
E	CPS	PSW												o	X		o		o					8,400		
E	TPS	PSW													X									7,550		
E	UAM	PNW													X									6,100		
O3	PRX/AWS4	PSW														X	o	o				o		11,350		
O3	YTZ/AWS1/AAS2/PSW3	PSW											X		o	X	X	X		x		o		9,000	O3 Total	38,380
O3	Bohai / AWS2/AAC	PSW									o		o		o	o	X	o		o		o		10,030	O3 Ave.	9,595
O3	Columbus/AWN1	PNW											o			X	X	X		o		o		8,000		
2M	TP-2 / Jaguar	PSW	X	o																				9,600		
2M	TP-6 / Pearl	PSW	o	X																				12,600	2M Total	35,750
2M	TP-8 / New Orient	PSW	X	X																				8,800	2M Ave.	8,938
2M	TP-9 / Eagle	PNW	X	o																				4,750		
Matson	CLX	PSW																					X	2,700	Matson Ave./Tot	2,700
Total no. of weekly sailings			5	4	#	#	#	#	#	#	#	#	#	#	#	6	9	5	4	5	3		1			

X - vessel operator, o - slots

The G6 CC2 service was suspended in November. The Maersk TP-5 service to be suspended in January 2015.

The CKYHE services are expected to be revamped for 2015-16 season following the FMC approval announced in December

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Pacific – USEC Services

Alliance	Carriers Service Name	Via	Maersk	MSC	APL	Hapag-Lloyd	HMM	MOL	NYK	OOCL	COSCO	K Line	Yang Ming	Hanjin Shg	Evergreen	CMA CGM	CSCL	UASC	Zim	Hamburg Süd	Ave. weekly TEU	Capacity by Alliance	In TEU
G6	PA1 / PAX	Pan			o	X	o	o	X	X											4,850		
G6	PA2 / APX	Pan			X	o	o	X	o	o											4,650		
G6	NCE	Pan			o	o	o	o	X	o											5,000	G6 Total	40,650
G6/Zim	SCE-NYE	Pan			o	o	X	o	o	X									X		4,700	G6 Ave.	5,807
G6	CEC	Suez			X	X	o	o	X	X									o		8,700		
G6	AZX	Suez	o		X	X	o	o	o	X									o		5,950		
G6/E	SVS / AUE 3	Suez			o	o	o	X	o	o					X						6,800		
CHE	GME / AWT	Pan									X			X	o						4,350		
CKYH	AWE 1 / AWH	Pan									o	o	o	X							4,200		
CKYH	AWE 3 / AWY	Pan									o	X	X	o							4,550	CKYHE Total	36,050
CKYH	AWE 4 / AWK	Suez									o	X	X	o	o						5,850	CKYHE Ave.	5,150
CHE	NUE2 / AWE2 / AWC	Pan									X	o	o	X	X						4,500		
CHE	AUE / AWE8	Suez									X	o	o	X	X		o				8,150		
E	NUE	Pan													X						4,450		
2M	TP-11/America	Suez	X	o																	8,600	2M Total	17,400
2M	TP-12/Empire	Suez	X	X																	8,800	2M Ave.	8,700
O3	Columbus/AAE1/AUC 1	Suez														X	X	X		o	8,000	O3 Total	13,050
O3	PEX 3/AAE2	Pan														X	o				5,050	O3 Ave.	6,525
Zim	ZCP	Pan															o		X		5,000	Zim Tot./Ave.	5,000
Total no. of weekly sailings			3	2	7	7	7	7	7	7	6	5	5	6	6	2	4	1	4				

X - vessel operator / o - slots

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What does the 2M alliance (East-West Network) bring to our Customers?

- Consistency in products
- Stable and frequent services
- 6 weekly services between North America and Europe
- 6 weekly services between North America and Asia
- 9 new direct ports including Chiwan, Le Havre, Wilhelmshaven, and Baltimore
- 4,002 locations served throughout the East-West Network
- 6,000 customer service and sales staff globally ready to meet customers' needs

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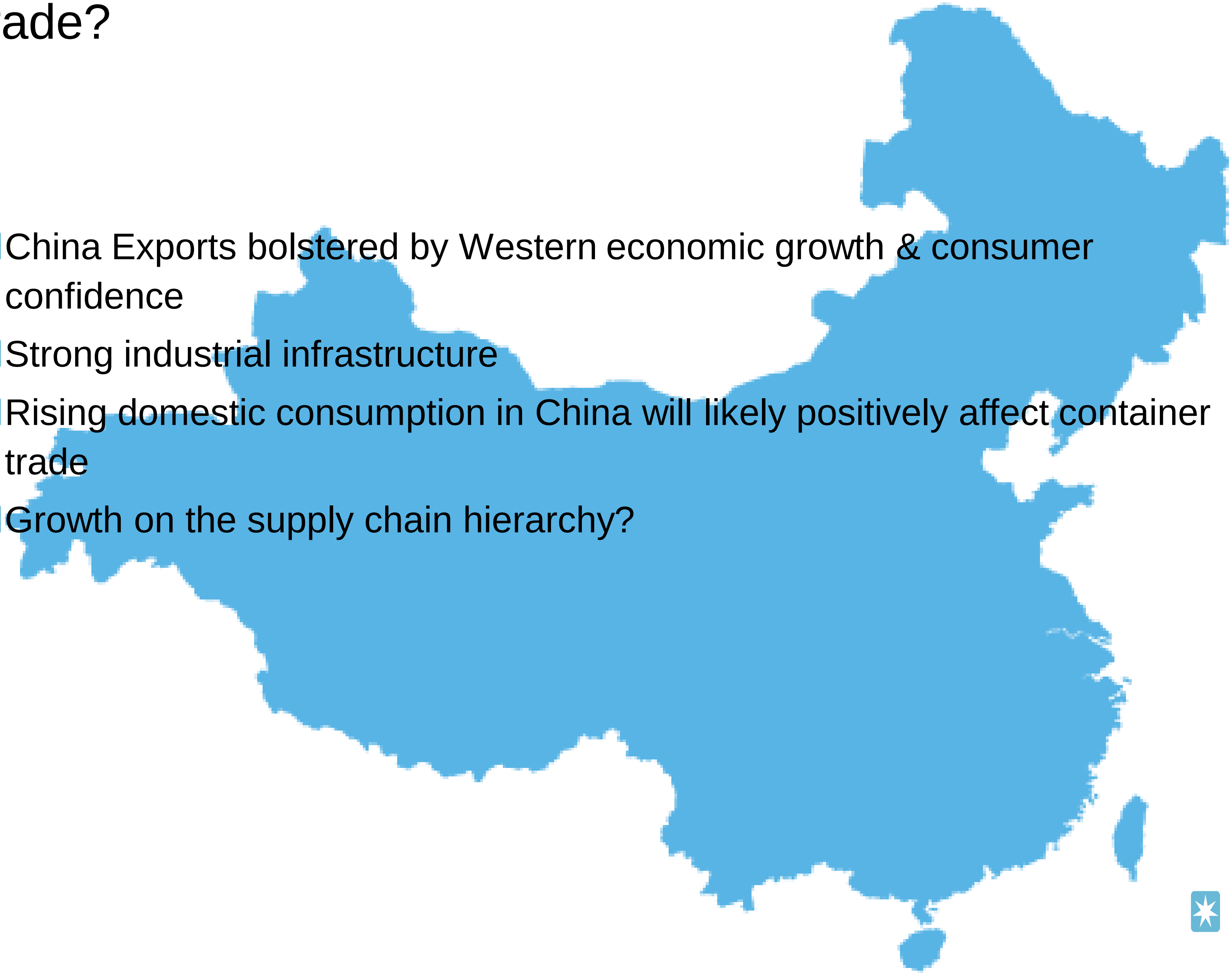
How will China slowdown impact containerized trade?



- China Exports bolstered by Western economic growth & consumer confidence
- Strong industrial infrastructure
- Rising domestic consumption in China will likely positively affect container trade
- Growth on the supply chain hierarchy?

Ports are critical to what we do. When our ports struggle, we all do . . .

Port inefficiencies lead to:

- Congestion
- Long dwell times
- Equipment shortages
- Impacts and delays on intermodal
- Stressed supply chains

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Infrastructure is therefore a key concern of ours

EFFICIENCIES NEEDED TO ACCOMMODATE GROWTH

- Investment in dredging vs. investments in intermodal connectivity
- Limited space at terminals for spikes in cargo volumes
- Port productivity a crucial focus area

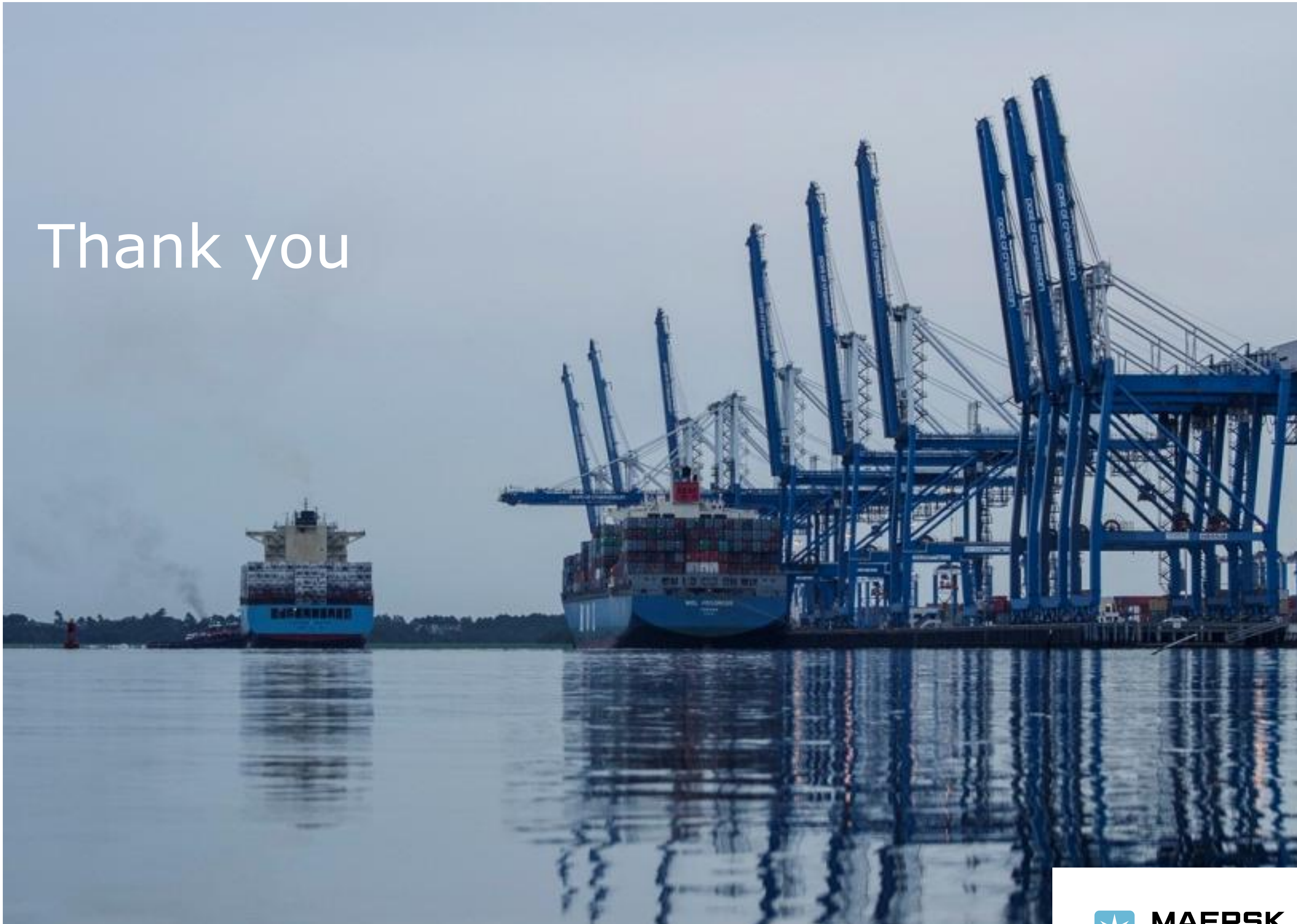
CAPITAL INVESTMENT TAKES TIME

- Rail network investments being made, but require long lead time
- Natural imbalance of trade flows creates added equipment costs
- Efficiency impacted by port productivity

MAJOR CHALLENGES FACING DRIVERS

- Equipment available, drivers are not
- Long turn times at gates impacting driver profitability
- Compounded by increasing demand for short and long haul drivers

Thank you



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