ALL ABOUT GROWTH
An economic engine of the state.
South Carolina Ports Overview

- Top 10 U.S. container port.
- Top 100 global container port.
- Public sector, operating port.
- Business w/ State of SC as shareholder.
- State's most important strategic asset.
- Long-cycle business requiring wise vision and planning.
Diverse Port Operations

- Container cargo.
- Sophisticated Ro/Ro and breakbulk cargo.
South Carolina Ports Are About Growth

+9%  
FY2013 vs. FY2012

+22%  
FY2013 vs. FY2010

Fast-approaching full recovery of 2008 volume.
2012 Top 10 U.S. Container Port Market Share

Source: Calendar Year AAPA Statistics

Charleston:
The fastest growing of all major U.S. ports since CY2009.

Los Angeles, Long Beach & NY/NJ account for 58%.
Growth will drive demand for improved infrastructure.
Favorable Trends For Southeast Ports

- Manufacturing & exporting.
- Discretionary cargo.
- Mega-alliances & big ships.
- Panama Canal expansion.
Manufacturing & Exports:

- Manufacturing facilities are built with exporting in mind.
- Heavy cargo requires deep water channels.
- U.S. to become export dominant in containers by 2020.
Discretionary Cargo:

- U.S. Ag products in demand around the world.
- Plastics production reverting to U.S. facilities.
- Requirements:
  - Competitive rail.
  - Transload facilities.
  - Empty containers.
  - Deep water.
RISE OF THE MEGA-ALLIANCES

Drive for economies-of-scale leading to unprecedented consolidation in vessel provision.
New Vessel Sharing Agreements
Major East-West Trades / Size Relative to Capacity Market Share
Major East/West trades defined as: Asia-Europe, Asia-USWC, Asia-USEC, North Europe-USEC. *Presumed alliance participation.

P3
Maersk
MSC
CMA CGM
34.6%

G6
Hapag Lloyd
OOCL
NYK
APL
MOL
Hyundai
Zim*
30.5%

CKYHE
Cosco
K-Line
Yangming
Hanjin
Evergreen
25.9%

CSCL/UASC* / 6%
All Others / 3%

91%
# Container Ship Specifications

## Dalian Express Class

<table>
<thead>
<tr>
<th>TEU</th>
<th>Length Over All</th>
<th>Beam</th>
<th>Keel-To-Mast</th>
<th>Max Vessel Draft</th>
<th>Min Air Draft</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,864</td>
<td>961.3</td>
<td>105.0</td>
<td>180.4</td>
<td>44.5</td>
<td>135.9</td>
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</tbody>
</table>

## Colombo Express Class

<table>
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<tr>
<th>TEU</th>
<th>Length Over All</th>
<th>Beam</th>
<th>Keel-To-Mast</th>
<th>Max Vessel Draft</th>
<th>Min Air Draft</th>
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</thead>
<tbody>
<tr>
<td>8,750</td>
<td>1099.1</td>
<td>137.8</td>
<td>198.5</td>
<td>47.9</td>
<td>150.6</td>
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</tbody>
</table>

## Hamburg Express Class

<table>
<thead>
<tr>
<th>TEU</th>
<th>Length Over All</th>
<th>Beam</th>
<th>Keel-To-Mast</th>
<th>Max Vessel Draft</th>
<th>Min Air Draft</th>
</tr>
</thead>
<tbody>
<tr>
<td>13,200</td>
<td>1200.8</td>
<td>157.5</td>
<td>216.5</td>
<td>50.9</td>
<td>167.0</td>
</tr>
</tbody>
</table>
Soon To Be Calling USEC Ports
Vessels up to 14,000 TEU
1,165’ LOA
165’ Beam

BMW X5
Boeing 787
Yorktown Aircraft Carrier
9,000 TEU Vessel
14,000 TEU Vessel

70 Million
Pairs of adidas running shoes on a 14,000 TEU ship.
New Panamax Capable Ports

- 24/7 Access for vessels drafting 48'
- Reliable berth access.
- Import/export balance.
- Productive interface between vessel and terminal.
- Appropriately scaled inland infrastructure.
50'

The minimal standard to deliver the required 24/7 access.

Charleston is the only port in the region capable of delivering the required depth.
INFRASTRUCTURE INVESTMENT

Heavy investments in essential infrastructure are needed.
A $2 Billion Bet On Our Future

<table>
<thead>
<tr>
<th>Detail: S.C. Investments</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>New Container Terminal</td>
<td>$700 Million</td>
</tr>
<tr>
<td>Harbor Deepening to 50 Feet</td>
<td>$300 Million</td>
</tr>
<tr>
<td>Port Access Road</td>
<td>$225 Million</td>
</tr>
<tr>
<td>New Dual Access Intermodal Railhead</td>
<td>$130 Million</td>
</tr>
<tr>
<td>S.C. Inland Port</td>
<td>$50 Million</td>
</tr>
<tr>
<td>Other Infrastructure &amp; IT Projects (Interstate Highway Expansion, Existing Facility Improvements, Container Cranes, New IT Systems, etc.)</td>
<td>$600 Million</td>
</tr>
</tbody>
</table>

- Only Top 10 ports are capable of meeting the scale of challenge.
- Others will have to "recalibrate" to serve niche markets.

South Carolina Ports Authority Investments
Charleston Harbor
Deepening On-Track

- SC Legislature: $300 million in the bank.
- WRRDA 2013.
- Study complete in 2015.
- Bayonne Bridge raised by 2016.
- Construction complete by 2018.
A Rail Capable Port

- Successful RapidRail program.
- Rail volume up 27%.
- NS Charlotte intermodal facility.
- Dual-served ICTF in North Charleston in 2018.
- We need competitive rail rates.
SC Inland Port Now Open

- Next-morning service.
- 212 Miles inland.
- Halfway between Charlotte & Atlanta.
- Within 500 miles of 94 million consumers.
New Container Terminal  Phase 1 ready by the end of 2018.

- Three New-Panamax ship berths.
- Dedicated road access to I-26.
- A workable transportation plan for North Charleston.
- Employing the latest technology.
2018

Harbor Deepening

Dual-Served ICTF

Navy Base Terminal
Challenges:

- Adding new ship services.
- Margin improvement.
- Non-container capacity.
- More transload operations.
- More reefer operations.
- Helping truckers grow & prosper.
- Win new DCs.
- Successful resolution of pending lawsuits.
What does the future hold?
Panama Canal Expansion: Significant or Not?

- Shift from 22-32% share of Asia trade already.
- Logistics is mainly a cost game.
- Lines substitute fixed costs for variable costs.
- Population east of the Mississippi.
- Exports are mainly low value.
- Recent neutral studies seem to support this view.
A Viable, Vital Cruise Business

- Scaled to fit Charleston.
- Responsible, vital maritime commerce.
- Redevelopment of 2/3 of Union Pier after new terminal is operating.
Environmental Stewardship

- Tier 3 or later engines on our lift equipment.
- Truck Replacement Program.
- Renewed partnership with DHEC.
- New investments will be state-of-the-art environmentally.
- Enhanced vessel technology.
- Low sulfur content fuel to comply with ECA.
Georgetown

- Restore depth to 27 feet.
- Re-invigorate cargo volume with niche business.
Jasper Ocean Terminal Requirements

- Shared vision in South Carolina.
- Collaboration between ports.
- Modernize enabling agreement.
- Timing with capacity CHS & SAV.
- Deep water access.
- Equal dual rail access.
- Viable capital plan.
- Competitive operating model.
Systems Refresh
Customer-centric web portal.
Our Goals:

1. Above market growth for multiple years.
2. The preferred U.S. port for our clients.
3. Ample & timely capacity in both target market segments.
4. Deepest harbor on the U.S. East Coast.
5. Innovation in everything we do.
6. Attracting new business for our state.
What will it take?

- Hard work.
- Aggressive marketing & sales.
- Collaboration and leadership.
- Great private sector partners.
- Rail competitiveness.
- Pricing/margin improvement.
- Continued commitment from the State of South Carolina.
The future is bright. The future is now.

Our best days are ahead of us if we continue to work together.
Thank You.