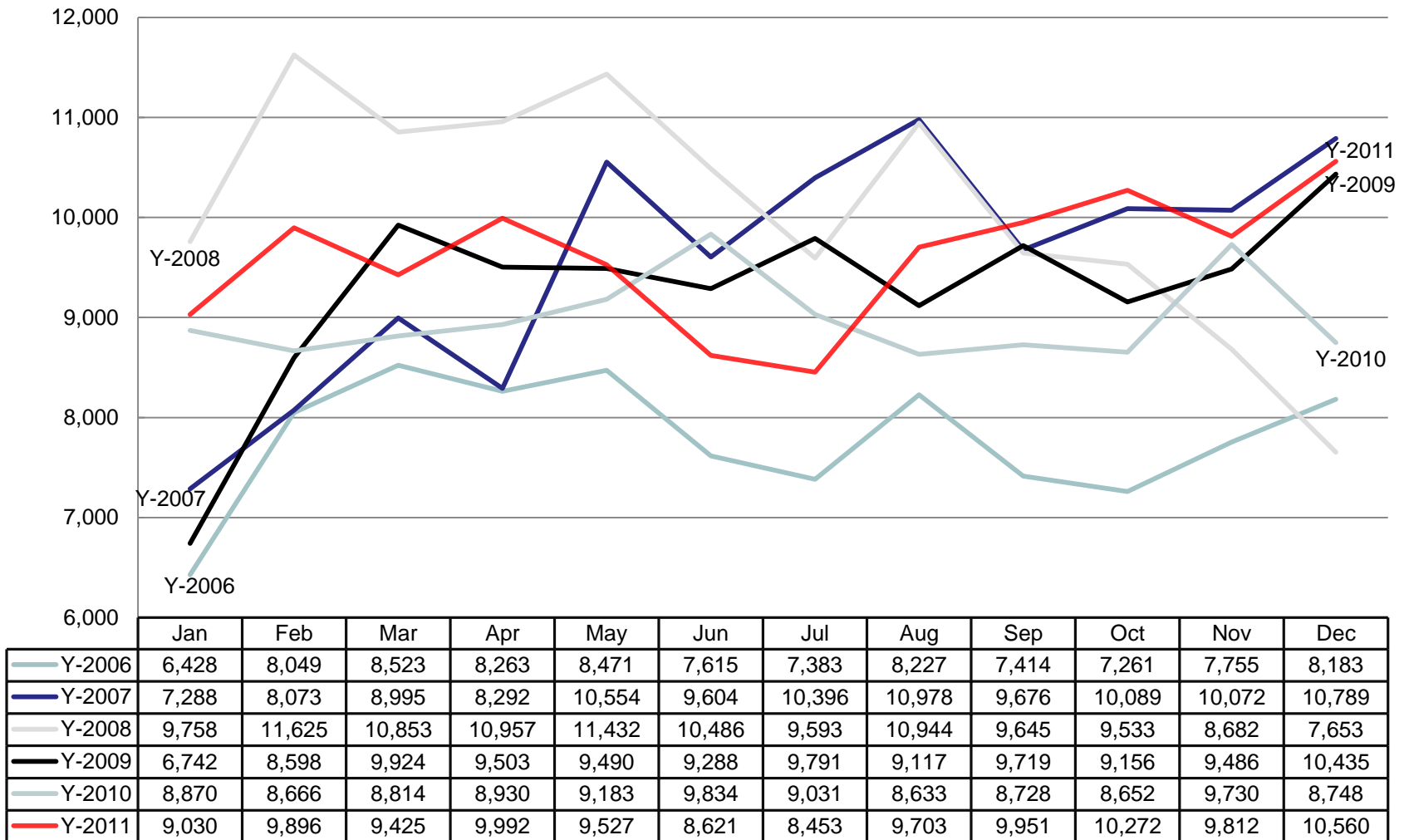


Specialty Crop Trade Council 2012

Edward Zaninelli
Carrier Perspective

Yearly Trends



Complicated W/B Market

- **Scope** of North America
- Overall **Costs** for carriers have climbed
- Operational **Zones**
- **Weight** of products
- **TEU/Market Share** focus of carriers
- La/LGB surplus **equipment** - Oakland tight
- **Below** cost pricing is the norm
- Driven by **Major Commodities**

Good News Bad News

- California is surplus on equipment
- Space will not be tight for the summer, **BUT**
- **If losses continue, loops will be pulled**
- Carrier group lost \$6 Billion in 2011
- Pending the E/B market outcome on rates
- Specialty rates are well below average
- Something has to give in 2012



We take it personally



Non Asset vs Asset Based

NVO

- No market share focus
- Focused on SME shippers
- Cost plus pricing
- Can downsize to market
- Makes money in up or down markets

Carrier

- Market share focused
- Deals NVO and LBCO
- Cash flow pricing (W/B)
- TEU volume centric
- High fixed costs
- Can not downsize
- Can lay up ships
- Waiting to next upturn



We take it personally

Carrier Challenges 2012

- Fuel for ships continues to be high as do green requirements for fuel.
- This unknown factor is always in the background as a danger. \$750/Ton



Costs 2009 / 2012

- **Significant** difference due to costs
- **Significant** difference in supply
- Fuel, Rail, Inland Surcharges, Labor, and ***More***
- **Equipment**; twice the cost of 2009



We take it personally

Ships are getting BIGGER



1,500 FT

1,000 FT

500 FT

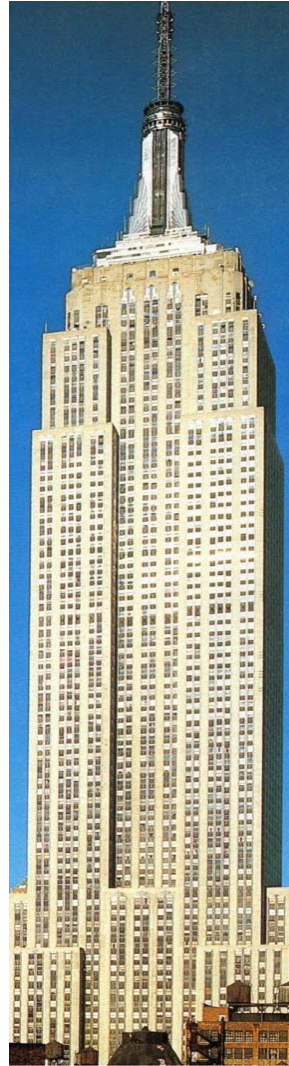
USS Nimitz



Post Panamax



Empire State



Ex-WTC



13,000TEU





"We are a not-for-profit organization, but we didn't plan it that way."