Investing in the Future: Update
Select Committee on Strategic Transportation Planning and Long Term Funding Solutions
January 4, 2016

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Alherd Kazura, CFO
Financial Overview

2016 Preliminary Forecast

- Containers at 98% of budget
- Bulk & Breakbulk above budget
- Expenses at/below budget
- On target to meet budgeted Net Income
- Excludes one-time gain on sale of marina and cost to dredge MHC inner harbor

<table>
<thead>
<tr>
<th></th>
<th>FY 14 Actual</th>
<th>FY 15 Actual</th>
<th>FY 16 Budget</th>
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</thead>
<tbody>
<tr>
<td><strong>Volume</strong></td>
<td></td>
<td></td>
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<tr>
<td>Containers (thousands)</td>
<td>139.1</td>
<td>163.7</td>
<td>174.6</td>
</tr>
<tr>
<td>General Cargo Tons (millions)</td>
<td>3.87</td>
<td>3.63</td>
<td>3.85</td>
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<tr>
<td><strong>(in millions)</strong></td>
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<tr>
<td>Revenues</td>
<td>$ 39.5</td>
<td>$ 43.8</td>
<td>$ 44.8</td>
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<tr>
<td>Expenses</td>
<td>$ 39.2</td>
<td>$ 37.7</td>
<td>$ 40.2</td>
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<tr>
<td>Operating Income</td>
<td>$ 0.4</td>
<td>$ 6.1</td>
<td>$ 4.6</td>
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<tr>
<td>Non-Operating Items</td>
<td>$ (13.6)</td>
<td>$ (3.4)</td>
<td>$ (2.9)</td>
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<tr>
<td>Net Income</td>
<td>$ (13.2)</td>
<td>$ 2.7</td>
<td>$ 1.7</td>
</tr>
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</table>

* Excludes positive effect of implementing GASB 68 for net pension liability reporting
Guiding Principles Remain Unchanged

• Double container business to >500K TEUs

• Expand business of general terminals by 4M tons

• Execute an investment plan for terminal, road and rail infrastructure to support growth

• Channel enhancement in Wilmington and Morehead City

• Achieve long term financial stability to independently fund capital growth prospects
Infrastructure Investment Plan - March 2015

<table>
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<tr>
<th></th>
<th>FY 2015 - FY 2020</th>
<th>FY 2021 - FY 2025</th>
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<tbody>
<tr>
<td>Administration</td>
<td>5,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Morehead City</td>
<td>16,000,000</td>
<td>42,000,000</td>
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<tr>
<td>Wilmington</td>
<td>93,000,000</td>
<td>90,000,000</td>
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<tr>
<td>$ Total</td>
<td>114,000,000</td>
<td>134,000,000</td>
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</tbody>
</table>

Commercial needs and accelerated timing is driving modifications:

– Turning Basin Expansion
– Morehead City Dredging
– Scope of Berth 8 Replacement & Upgrades
– Section 203 Study for Harbor Deepening
– Scope for Crane Investments

Total project scope and cost is fluid and being revised.
Turning Basin Expansion

Provides capability to turn vessels from 1,000 to 1,167 feet long
Morehead City Dredging

Current
• Federal funding shortfall for required dredging
• NC Ports will fund inner harbor dredging ($3.1-$3.5 million)
• Enables COE to utilize federal funds for outer harbor dredging

Future
• COE forecasts shortfall based on current federal funding levels
• Longer term state involvement is necessary to cover shortfall
Berth 8 Replacement & Related Upgrades

Meets market demand to work two 1,100 foot post-panamax vessels
Summary

• Customer needs and demands change the scope and timing of infrastructure investments

• We must remain responsive and reactive to our customer demands

• Long-term planning is vital

• We continue to focus on business, industry, and customer trends and appropriately react.
For more information:
www.ncports.com