

The JETSHIP is Coming

The Air Cargo Forum & Exposition

Calgary

September 12, 2006



Why are we talking to the air freight industry?

We believe there are profitable opportunities to work together

- Customers are the same
 - HVTS niche market segment
 - use of freight forwarder
- Service characteristics are similar
 - speed
 - time-definite
 - Information delivery
- Economics are radically different

Market research indicates great interest, hence tender process to be initiated

What is the *JetShip*? Fast and time-definite

- *Revolutionary Application of Proven Technologies*, classified by Det Norske Veritas
 - Semi-planing monohull with deep Vee bow, high pressure under stern, wide beam.
Result:
 - Heavy load capability
 - Time-definite performance even in bad weather
 - Powered by marine versions of RR Trent engines driving highly efficient waterjet propulsors
 - No-crane loading for rapid turn-round
- *Trans-Atlantic service starts December 2009*



TG-770

- Carries 10,000 tonnes up to 40 knots even in rough seas
- Can cross Atlantic in 91 hours, cutting crossing times in half
- Absolute time-definite arrivals enable synchronization of terminal and inland operations around ship arrival



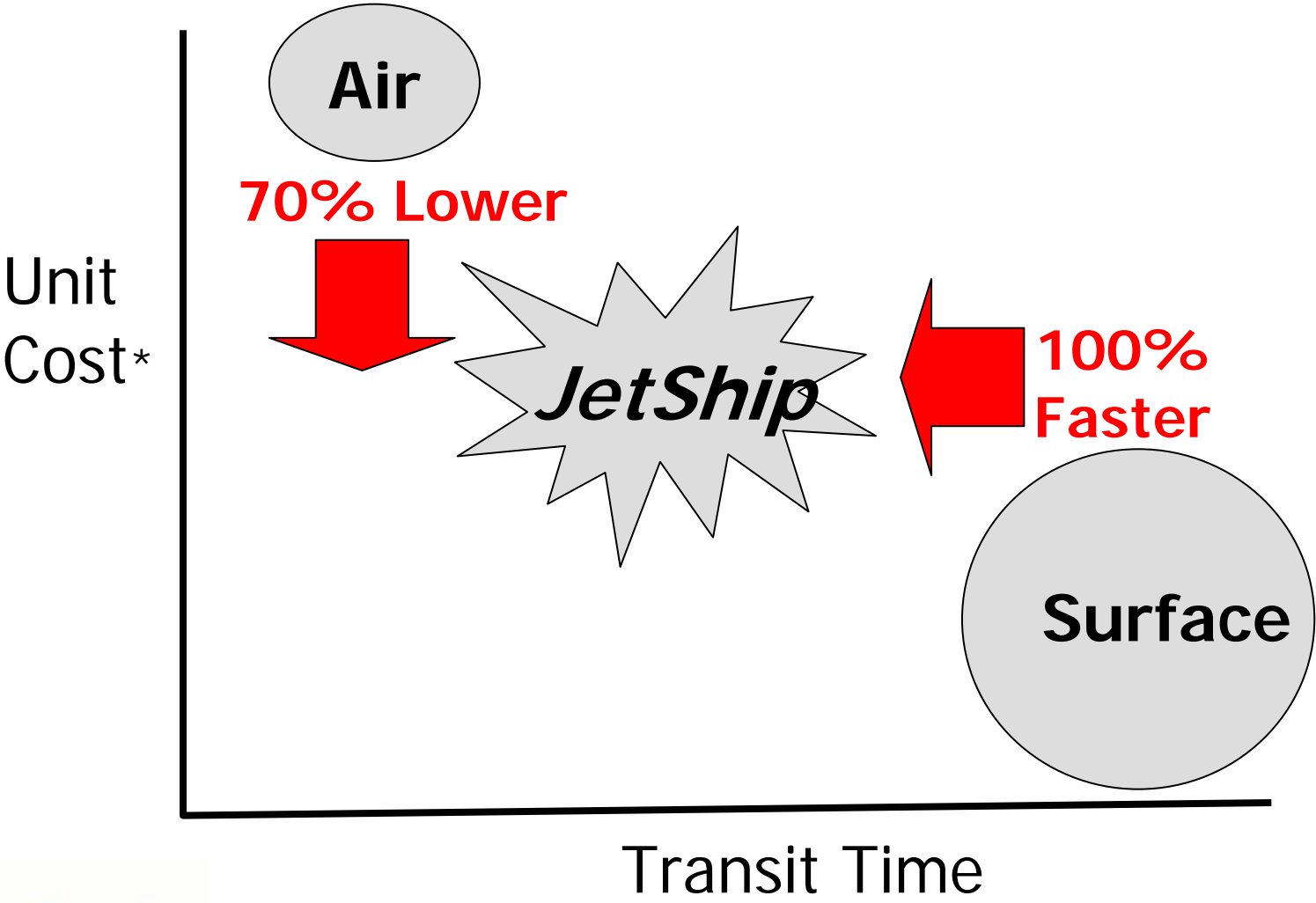
AGV (Automatic Guided Vehicle) specialized load/unload technology

- Roll-on roll-off, integrated into ships and terminals
- Enables ship to be completely unloaded and reloaded in 6 hours
- Compares to 24+ hours for conventional terminal
- Time gained equates to additional 10 knots of speed on the water

The **JetShip** will deliver step-change benefits

- Unit costs **70% lower** than typical air
- More than **twice as fast** as conventional surface
- Air-standard, **time-definite** service reliability
- Fast turn-rounds **maximise speed advantage**
- **Cargo 2000-compatible** technology

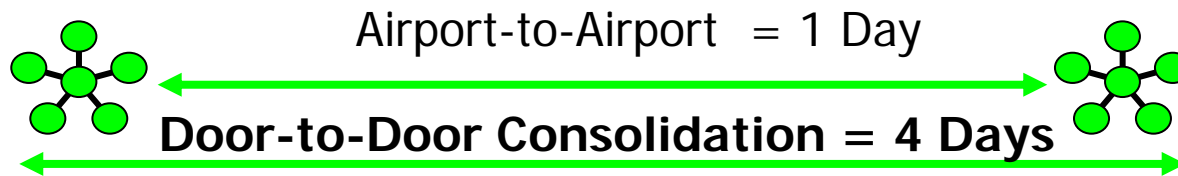
An entirely new mode that will bridge the air-surface gap



**Comparable cost per tonne, MergeGlobal data*

The *JetShip* will revolutionize DTD transit times & products

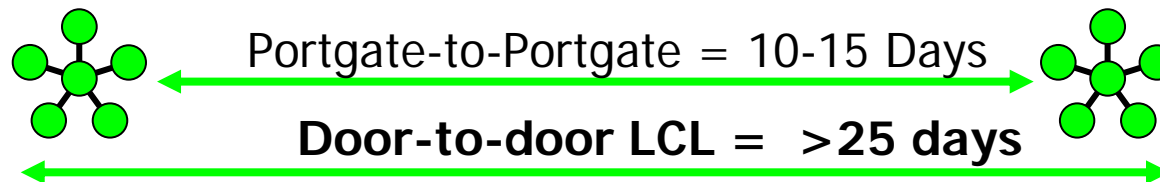
AIR



JETSHIP



SEA



Example = Typical N. Atlantic Planned Times

FastShip's new mode will develop new markets and new trade flows that don't exist today and can't be served by current industry players. *Nevertheless*, diversion of existing freight alone supports our Business Plan 11 times over – products where air is too expensive and ocean too slow

Top ocean upgrade segments:

Automotive, photographic, machinery, wine & spirits, electrical equipment, computer equipment, electronics, specialty chemicals

High value shipments:

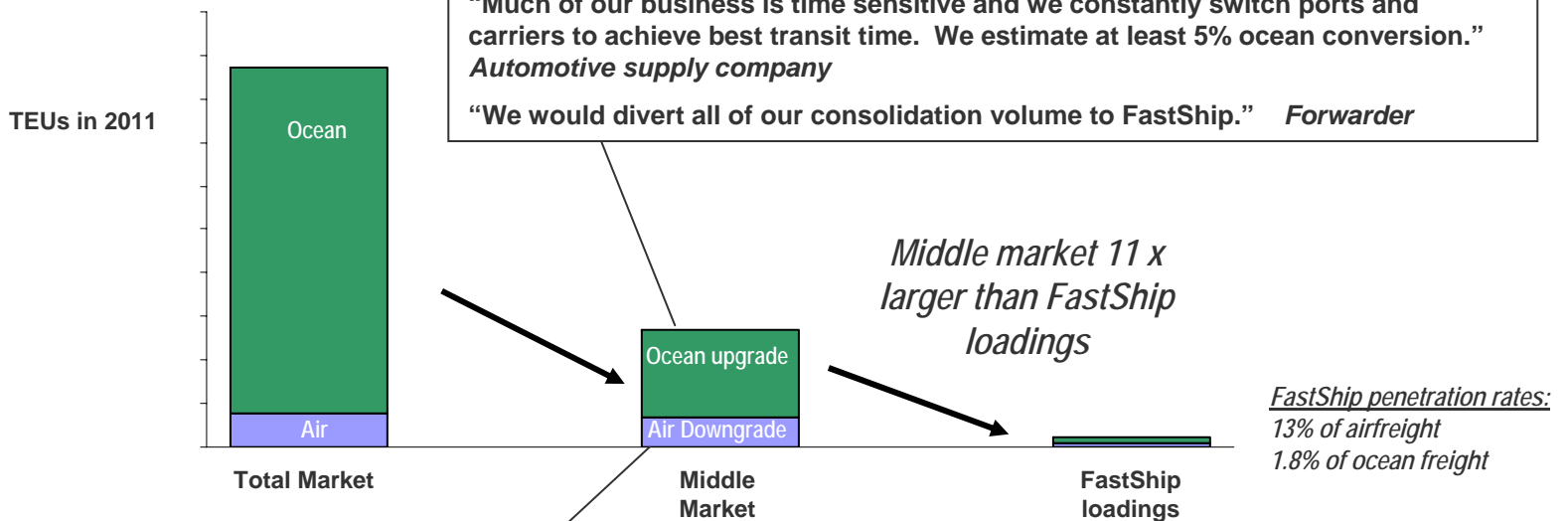
"We are very excited about ocean freight conversion to reduce our lead times for high-value parts like engines -- \$120,000 per container." Automotive forwarder

"We ship 600 TEU of cargo valued at \$150,000 per TEU, of which 50% would move to FastShip." Electronics company

Time sensitive shipments:

"Much of our business is time sensitive and we constantly switch ports and carriers to achieve best transit time. We estimate at least 5% ocean conversion." Automotive supply company

"We would divert all of our consolidation volume to FastShip." Forwarder



Major air downgrade product segments:

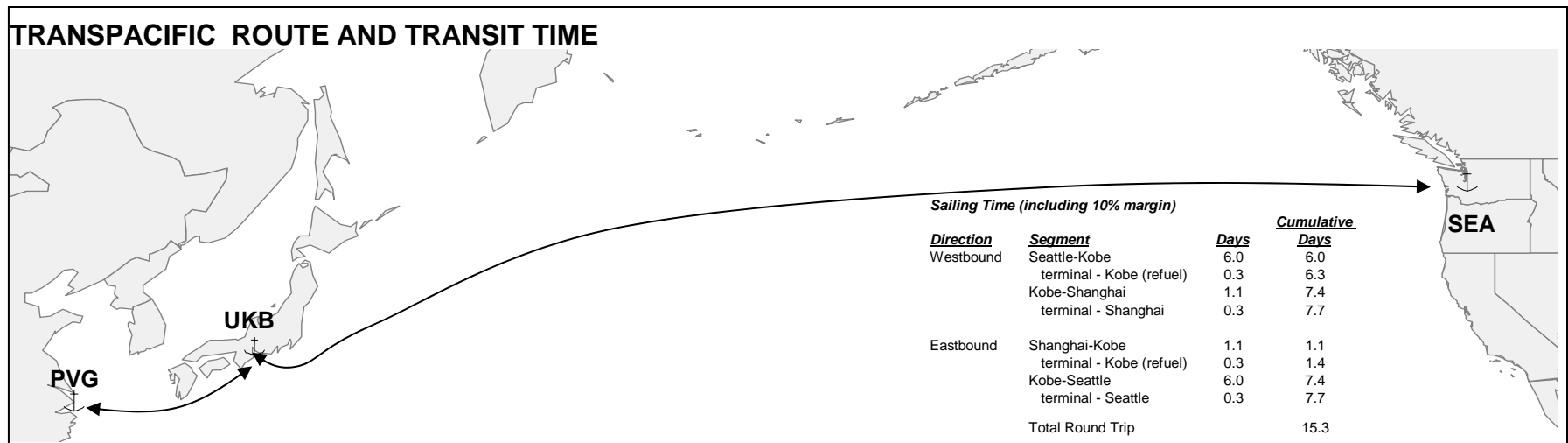
Automotive, perishables, computer equipment, electronics, pharmaceuticals, machinery, specialty chemicals

"We spend \$25 million annually on airfreight and would switch the majority of our East Coast air freight to FastShip." Electronics manufacturer

"We incur about one emergency per week. We will switch to FastShip for those shipments. We feel more comfortable shipping in containers compared to airfreight for security reasons. There are huge opportunities in our pharmaceutical division, too." Chemical/pharmaceutical company



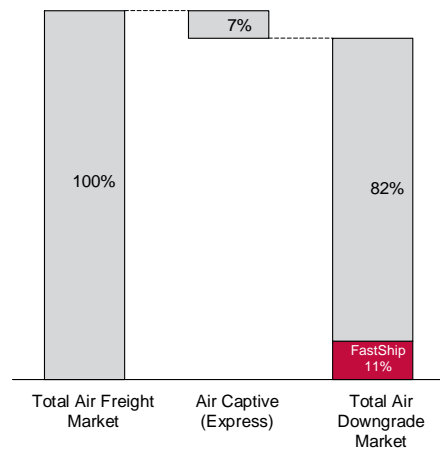
A Transpacific LCL service with two weekly frequencies between dedicated terminals in Seattle, Kobe, and Shanghai would use five FastShip vessels. The market opportunity for this service is enormous



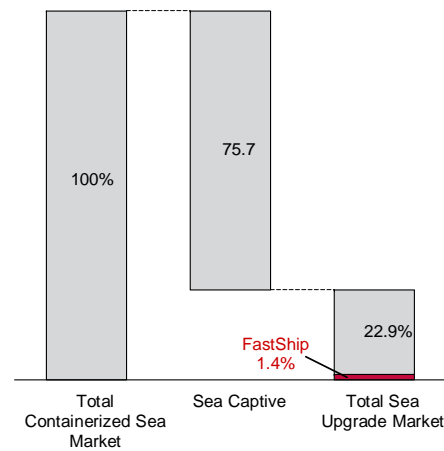
Source: FastShip Transpacific data

Transpacific middle market economics and market size: 2011

FASTSHIP SHARE OF CHINA/JAPAN – NORTH AMERICA AIR FREIGHT MARKET: 2011



FASTSHIP SHARE OF CHINA/JAPAN – NORTH AMERICA SEA FREIGHT MARKET: 2011

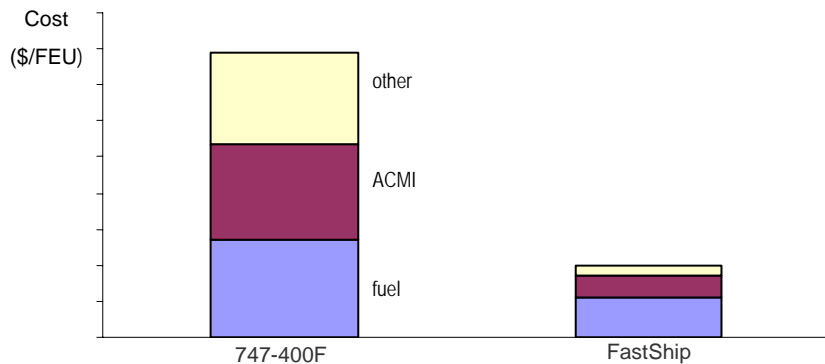


Source: MergeGlobal, Inc.



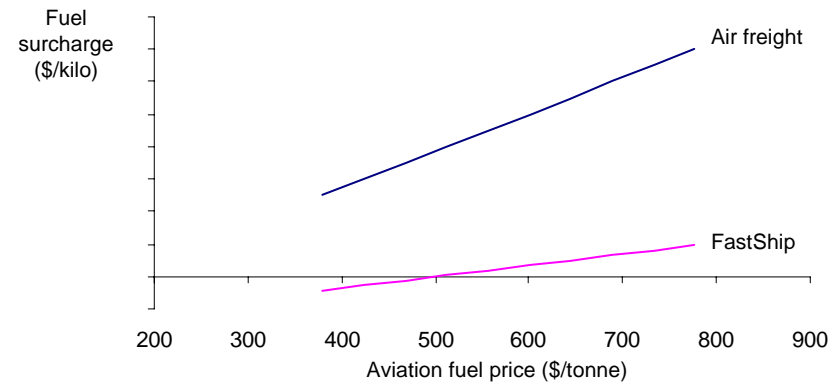
FastShip rates are one-third of air freight rates. As fuel prices increase, FastShip becomes more competitive against air freight

1. An air freighter burns nearly 2.5 times as much fuel as FastShip per tonne of freight transported, and uses a more expensive fuel than FastShip.

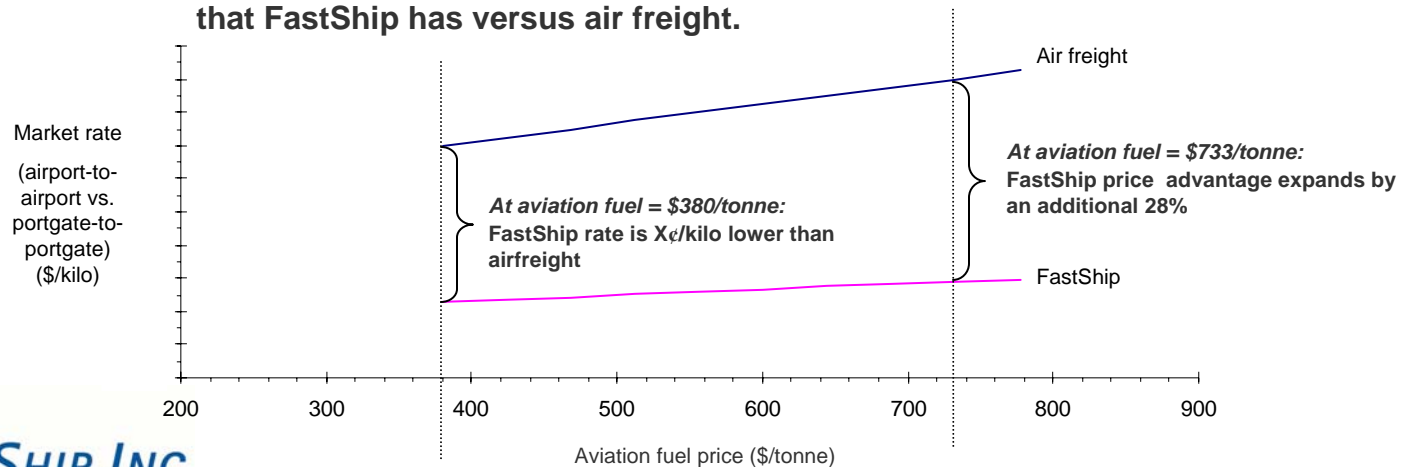


Source: MergeGlobal, Inc.

2. Therefore, rising fuel prices drive up the air freight fuel surcharge much faster than FastShip.



3. As a result, rising fuel prices increase the price advantage that FastShip has versus air freight.



The **JetShip** brings new strategies & profitability opportunities within reach – for airlines, integrators and forwarders

■ Airlines

- Substitution of freighters on low-yield routes, with freedom from aero-political constraints
- New air-sea product opportunities, faster transit times
- Defensive strategies - as rising costs take air rates out of market reach

■ Integrators

- Opportunity to create a whole new tier of service – time-definite, but with no dilution of air express
- Linking surface networks with surface line-haul

■ Forwarders

- Opportunity to create new customer propositions – much faster than LCL, much cheaper than air consol
- Opportunity to re-assess mix of purchased line-haul

Three options for participation are available

- **Strategic Management Partner**
 - Equity and expertise
 - Integrate with existing and new networks
- **Load Commitments**
 - No equity
 - Public tender of capacity in lots, best bids win
 - Line-haul purchase on take-or-pay basis
 - Commit in advance, pay only from launch
- **Equity Partner**
 - Fund an entirely new mode
 - Potential for exceptional returns

Strategic management partner will gain first-mover advantage

- Investment generates new strategic options - creates a new business space
- Investment secures an option on capacity at a unique preferential rate – build new products or sell it on
- Investor gets first option on new routes – **priority Transpacific**
- FastShip will secure traffic commitments for minimum 70% of the *JetShip's* load to mitigate partner risk

The tender process

- Will operate as a Contract Carrier
 - No public tariff, portgate-to-portgate contracts
 - ‘Line-haul’ only, FastShip will not provide inlands
- Capacity will be sold in lots of Tonnes
 - Per departure
 - Directional
- Minimum contract duration 36 Months
- Take-or-pay basis
 - FastShip manage a pool between contractors to mitigate risk
- No technical risk; tender contingent on satisfactory service being established

Public tender

- Triangle will manage the tender process
- Tender will open to bidding in November 2006, close in Q1 2007
- Bidders invited to contract an option on future capacity – no up-front payment
- Consortium bids will be accepted
- Best bids will secure capacity from first departure in December 2009

Major commitments will attract advantages

- Bid prices will be balanced against scale and duration of commitments; there will be a minimum
- Bidders may seek exclusive rights –
 - Only shipper within an industry sector
 - Only forwarder on a designated departure
 - Only airline for sea-air products
 - Only shipping line for perishable traffic
 - Only integrator in first year

The **JetShip** is coming - and the industry has the opportunity to get on board

- The technology will work
- Customers will buy it – competitive, time-definite transit times and prices.
- Momentum is building – interested parties are soliciting potential options
- Trans-Pacific and other routes will soon follow Trans-Atlantic

FastShip seeks innovative partners to shape the future of global transportation