

Company Name:

[Ports America, Inc](#) (formerly dba P & O Ports North America Inc.)
99 Wood Ave S Fl 8,
Iselin, NJ 08830-2713

A.M. Best Rating (on Ports Insurance Company, Inc., a subsidiary of Ports America):

Available only to A.M. Best subscribers

Moody's Rating:

N/A (for Ports America, Highstar Capital and AIG Investments). On 5/22/08, Moody's downgraded AIG (senior to Aa3) and certain subsidiaries.

D&B Ratings:

N/A

Ownership

Ports America, Inc., based in Iselin, N.J, is privately held by AIG Highstar Capital. The largest American port and terminal operating company, Ports America encompasses operations in 49 ports with 95 terminals in the United States, Mexico and Chile. In 2007 it handled over 12 million TEU, 2 million vehicles, 3 million tons of general cargo and 1 million cruise ship passengers, with total annual revenue of \$1.6 billion. (A TEU is a unit of measurement equivalent to one 20-foot container.) Formerly a wholly owned subsidiary of The Peninsular and Oriental Steam Navigation Company, London, P&O Ports North America Inc. was sold to DP World in 2006, which sold it to AIG Highstar Capital in March 2007.

[Controversy](#), regarding security surrounded P&O Ports in February 2006 when it was disclosed that DP World, a state-owned company in the UAE, planned to purchase it. There was much debate in the U.S. Senate with attempts to block the purchase. The purchase was completed and DP World rebranded P&O as Ports America in late 2006.

AIG Highstar Capital Fund III, the investor fund that owns Ports America, closed Oct. 30, 2007 with \$3.5 billion of total investment. Highstar organized Ports America into its current entity in late 2007 by combining P&O Ports North America with AMPORTS and MTC Holdings. The Ports America Group combines the management of Ports America and MTC into a single management team for the enterprise. [Amports](#), a marine cargo handler for automobiles, operates as a division of the group and retains its existing management structure.

[AIG Highstar Capital](#) exists as a sponsored fund of AIG Investments. Highstar targets investments in assets and businesses that provide essential products and services in the energy, transportation, waste management and water sectors. Highstar's investment team is led by five partners who collectively have over 100 years of relevant experience. The partners are supported by 11 investment professionals. According to AIG, the Highstar Team has a proven track record of investing in and operating infrastructure assets and earning superior private equity returns for its limited partners.

Officers: No adverse information was found in Internet searches on the following:

- **Chairman:** Douglas A. Tilden (promoted from CEO to Chairman, 6/30/08) began his career in the shipping industry in 1969, working for United States Lines as an Assistant Pier Superintendent in New York. Mr. Tilden transferred to Oakland, Calif., in 1971 and was appointed Terminal Manager of U.S. Lines' Oakland facility in 1973. Mr. Tilden relocated overseas with U.S. Lines in 1978, where he worked nine years in various management positions in Asia, the Middle East and South America. In 1984 Mr.

Tilden was elected an officer of U.S. Lines, serving as Vice President of the Middle East Division and later as Vice President of U.S. Lines' South American subsidiary until U.S. Lines' terminated shipping activities in 1987. Mr. Tilden joined Marine Terminals Corp. (MTC) in 1987. He was appointed Vice President in July of that year. His successive appointments included the newly created position of Executive Vice President in 1990, Chief Operating Officer in 1992, and President on April 1, 1996. After MTC was acquired by Highstar Capital and combined with Ports America, Tilden was promoted to CEO of Ports America on February 1, 2008. There is no available public information regarding Tilden's education.

- **CEO & President:** Stephen Edwards (promoted from President to CEO & President, 6/30/08). Prior to his appointment as president of Ports America Group, he spent seventeen years with the P&O Group, most recently as president & CEO of P&O Ports North America.
- **CFO:** Roger Silva. Silva was recently appointed, no press release available. In October 2007, Mr. Silva was appointed CFO for MTC Holdings, the company that merged with P&O Ports to become Ports America. Before that, he was CFO for Greatwide Logistics Services since February 2006. He had previously held the same position since January 2001 for Greatwide Dedicated Transportation, a unit of Greatwide Logistics Services. As CFO for Greatwide Logistics Services, his duties included leading the company's finance, treasury, accounting and information technology functions. Prior to joining Greatwide, Mr. Silva served as Vice President of Strategic Planning for the Dr. Pepper 7-Up Division of Cadbury Schweppes, PLC. In this capacity, he developed value-added business strategies and managed acquisitions for Cadbury's U.S. carbonated beverage business. He previously held significant accounting and finance positions with the Pepsi Cola Bottling Group, Quaker Oats Beverage Group and Price Waterhouse. He is a Certified Public Accountant and holds a BS in Accounting from Arizona State University.
- **COO:** Wim Lagaay. Lagaay joined Ports America in May 2008 from Maersk, Inc. in Charlotte, NC. He joined Maersk in 2006 as the Senior Vice President and Area Operations Manager. Prior to his time with Maersk, he worked for P&O Nedlloyd from 1992 to 2005 in a variety of positions. When he left P&O Nedlloyd in 2005, he was the Senior Vice President and General Manager of Corporate Operations.
- **Chief Commercial Officer:** Peter Stone. Prior to joining Ports America in February 2008, Stone served as the Senior Vice President of Summit Global Logistics and President of Sea Masters Logistics, a subsidiary of that company. Stone has held key strategic planning and business development roles in the transportation industry and has led a staff of more than 450 individuals in 14 countries for one of the largest container shipping companies in the world. He was also responsible for the profit and loss of 26 trade lanes with a total revenue budget of over \$5 billion.

Noteworthy News

Although a scan of trade journals, national and local newspapers and Internet searches yields no overtly negative media coverage on Ports America, there has been controversy regarding the sale and operation of ports in the United States.

- **February 2007:** In addition to the previously mentioned controversy regarding the sale of P&O Ports to a Dubai based company (more [here](#)), the subsequent sale to AIG Investment Group in February 2007 also ran into problems when the Port Authority of New York and New Jersey demanded financial commitments of \$50 million from AIG for port improvements, to which AIG agreed. ([New York Times, Feb. 17, 2007](#))

- **November 2007:** The Port Authority of New York and New Jersey asked a court to order a Bayonne, N.J., agency to sell a waterfront tract to the Port Authority instead of to Ports America. The Port Authority claimed that Bayonne had agreed to sell the land to it for \$50.5 million and then later reneged after getting a bid of \$90 million from Ports America. (Traffic World, Nov. 28, 2007)
- **December 2007:** The Bayonne Local Redevelopment Authority (BLRA) decided that it did not want a container terminal on the land because it plans to build residential housing there. "Residential development is not compatible with the noise, traffic and bright lights of a 24/7 container port operation," the BLRA said in documents outlining its plans. "That's why we are looking for maritime users who can provide jobs, while not driving away other higher tax rate development." BLRA notes that one acre of port property in Bayonne is currently assessed at \$250,000, while one acre of land on Jersey City's Gold Coast Waterfront is assessed at \$12 million. (Traffic World, Dec. 10, 2007)
- **July 2008:** The Port Authority of New York and New Jersey has lost a lawsuit that sought to block the sale of a waterfront site in Bayonne, N.J., to terminal operator Ports America, which plans to develop it into an automobile terminal. The Port Authority plans to appeal. (Traffic World, Jul, 14, 2008)

Company press releases can be found [here](#).

Relevant Industry News

- **May 2008:** Additional controversy surrounds security for all port terminal and container operations in the United States. A recent GAO inquiry report on the Customs-Trade Partnership against Terrorism states that security protocols are not being adequately adhered to by all shipping companies. This creates risk for port and terminal operators. ([New York Times, May 27, 2008](#))

Litigation History

Aside from the ongoing battle by the Port Authority of New York and New Jersey to purchase land on the Bayonne waterfront, which has been sold to Ports America (see July 2008 above), a scan of the Internet, trade journals and newspapers does not yield any litigation regarding Ports America or P&O Ports.

Comments

Ports America executives appear to have substantial experience in shipping, logistics and terminal operations, with no noteworthy (on the Internet) involvement in litigation. However, the fact that the company has had three different CFOs since August 2007 raises a red flag. Chet Popowski was appointed CFO in August 2007, but by January 2008, Aaron Gold, a director of Highstar Capital, was CFO. Currently, Roger Silva, who appears to have an excellent background for the job, is listed on the company Website as CFO. An Internet search reveals no news on why Popowski left.

A major caveat on doing business with this company would be port security issues described above. Also, the fact that many port cities are developing their waterfronts for residential and recreational use might lead to litigation regarding land use.

Additionally, it was mentioned in the press at the time of the sale by DP World to AIG Investments that an investment firm might hold the company for only a few years and then sell it. This could bring about a repeat of the problems experienced in 2006 when the U.S. Senate tried to block the sale of P&O Ports.