



STRATEGIC BUSINESS PLAN

Seaport Alliance
May 6, 2015

PRESENTATION OVERVIEW



Recent industry changes drive actions to stay competitive

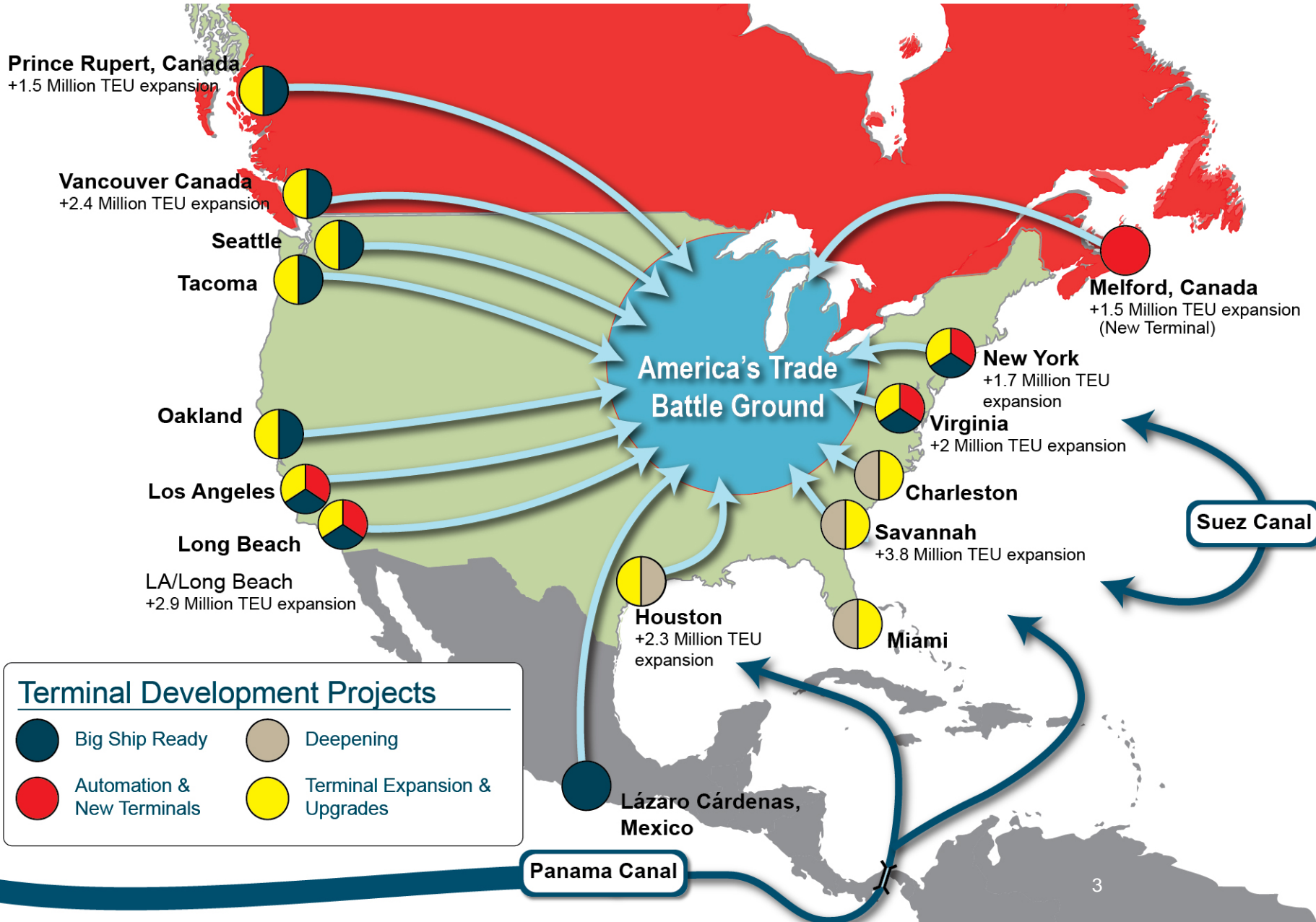


Optimized infrastructure investment strategy

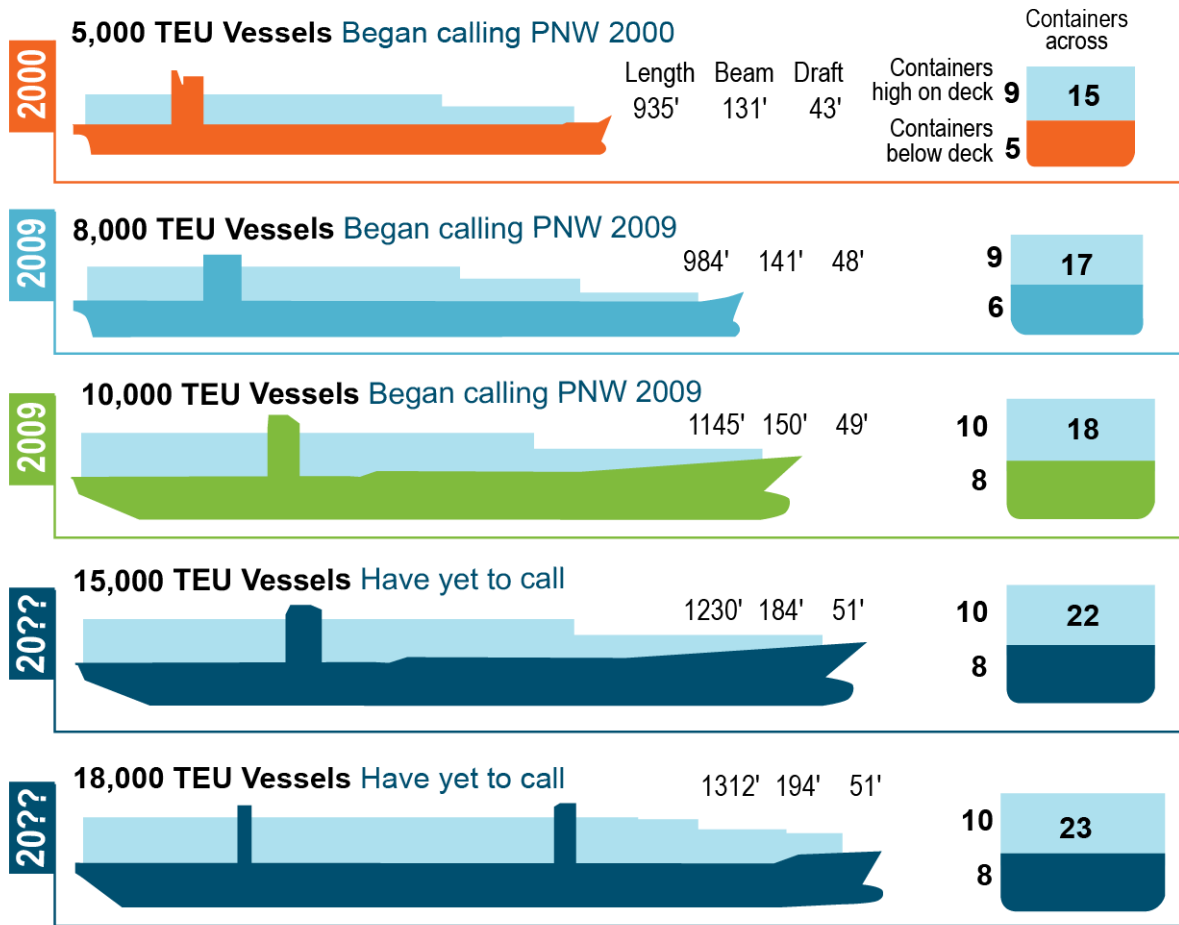
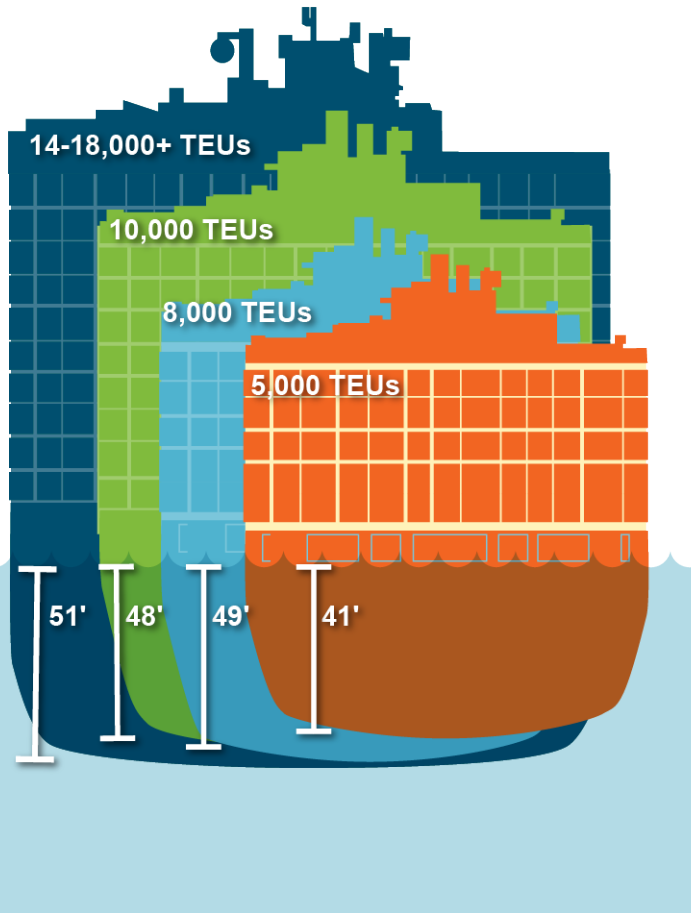


Customer focused solutions to become the gateway of choice

NEW & INTENSIFIED COMPETITION



ULTRA LARGE CONTAINER SHIPS



KEY STRATEGIC FINDINGS FOR THE PNW GATEWAY



Inadequate capability to handle multiple ultra-large container ships

- Too many small terminals that do not fit the strategic requirements for handling big ships.



Formation of mega-alliances

- Consolidation of ports and terminals
- Shipping lines divesting of terminals



Excess terminal capacity

- Too many acres dedicated to containers

PNW GATEWAY CRITICAL SUCCESS FACTORS



Increased terminal utilization



Productivity enhancements



Rail competitiveness



Infrastructure investment

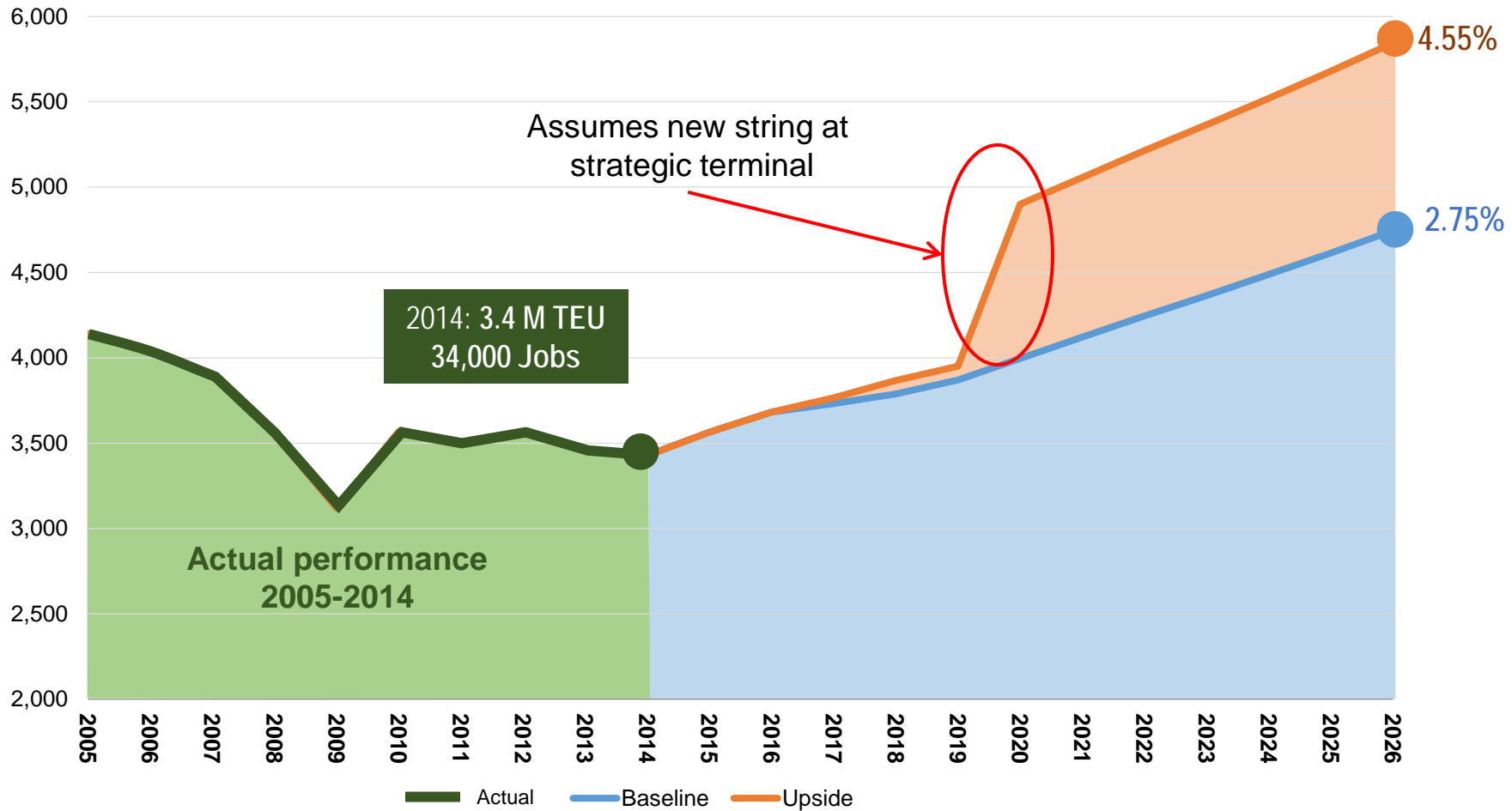


Regulatory climate

CARGO GROWTH GOALS

Seaport Alliance TEU History and Comparison of Baseline and Upside Forecasts

2026: 6M TEU
48,500 Jobs



CURRENT CONTAINER CARGO FACILITIES

PORT OF SEATTLE

Terminal 46

Terminal 18

Terminal 30

Terminal 5

Terminal 115

PORT OF TACOMA

TOTE

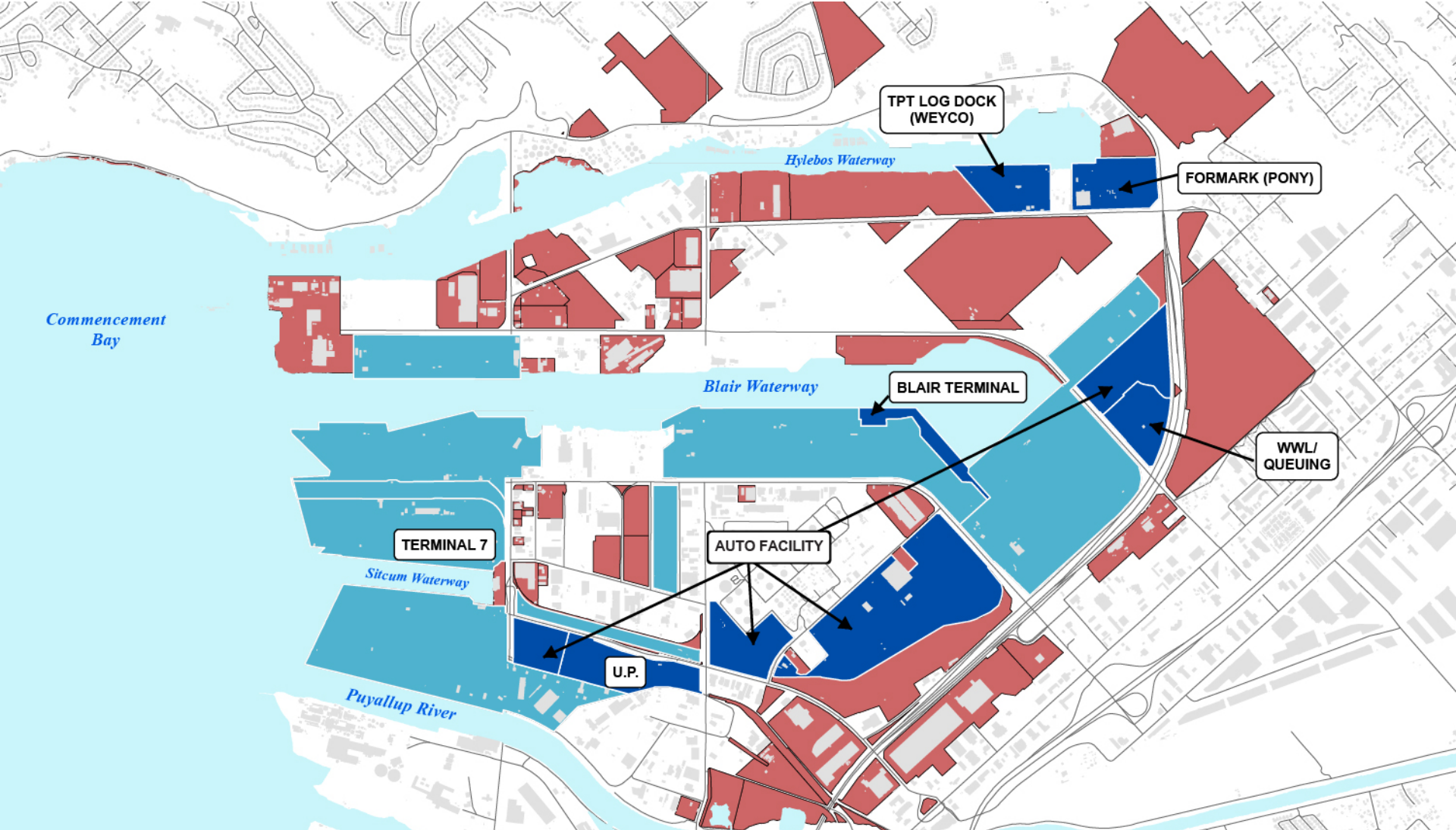
Husky

PCT

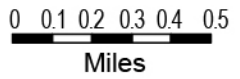
OCT

WUT

APM



CURRENT NON-CONTAINER CARGO FACILITIES



Seaport Alliance Properties

SA Non-Container Terminals

Non-Alliance Port Properties



PORT OF SEATTLE

Terminal 18

196 Acres
2014 Volume: 577K TEU
Volume per Acre: 2947
Capacity: 1,200,000 TEU

Terminal 46

82 Acres
2014 Volume: 92K TEU
Volume per Acre: 1131
Capacity: 700,000 TEU

Terminal 30

70 Acres
2014 Volume: 212K TEU
Volume per Acre: 3041
Capacity: 600,000 TEU

Terminal 5

185 Acres
2014 Volume: 169K TEU
Volume per Acre: 916
Capacity: 1,200,000 TEU

Terminal 115

65 Acres
2014 Volume: 128K TEU
Volume per Acre: 1970
Capacity: 200K TEU

On Dock Rail

2014 Volume: 58K TEU
Capacity: 700K TEU

Near Dock Rail

2014 Volume: 372K TEU
Capacity: 1Mil TEU

TOTE Terminal

48 Acres
2014 Volume: 212K TEU
Volume per Acre: 3,598
Capacity: 300K TEU

Husky Terminal

93 Acres
2014 Volume: 335K TEU
Volume per Acre: 3,598
Capacity: 800K TEU

Washington United Terminals

123 Acres
2014 Volume: 599K TEU
Volume per Acre: 4,868
Capacity: 1 Mil TEU

PORT OF TACOMA

Commencement Bay

Blair Waterway

iticum Waterway

Puyallup River

Olympic Container Terminal

54 Acres
2014 Volume: 577K TEU
Volume per Acre: 4,069
Capacity: 400K TEU

APM Terminal

135 Acres
2014 Volume: 249K
Volume per Acre:
Capacity: 1 Mil TEU

Pierce County Terminal

141 Acres
2014 Volume: 426K
Volume per Acre: 3,018
Capacity: 900K TEU

On Dock Rail

2014 Volume: 750K TEU
Capacity: 1.8Mil TEU

GATEWAY OPTIMIZATION

Achieve 70% Utilization | Strategic Terminals | Double Volume

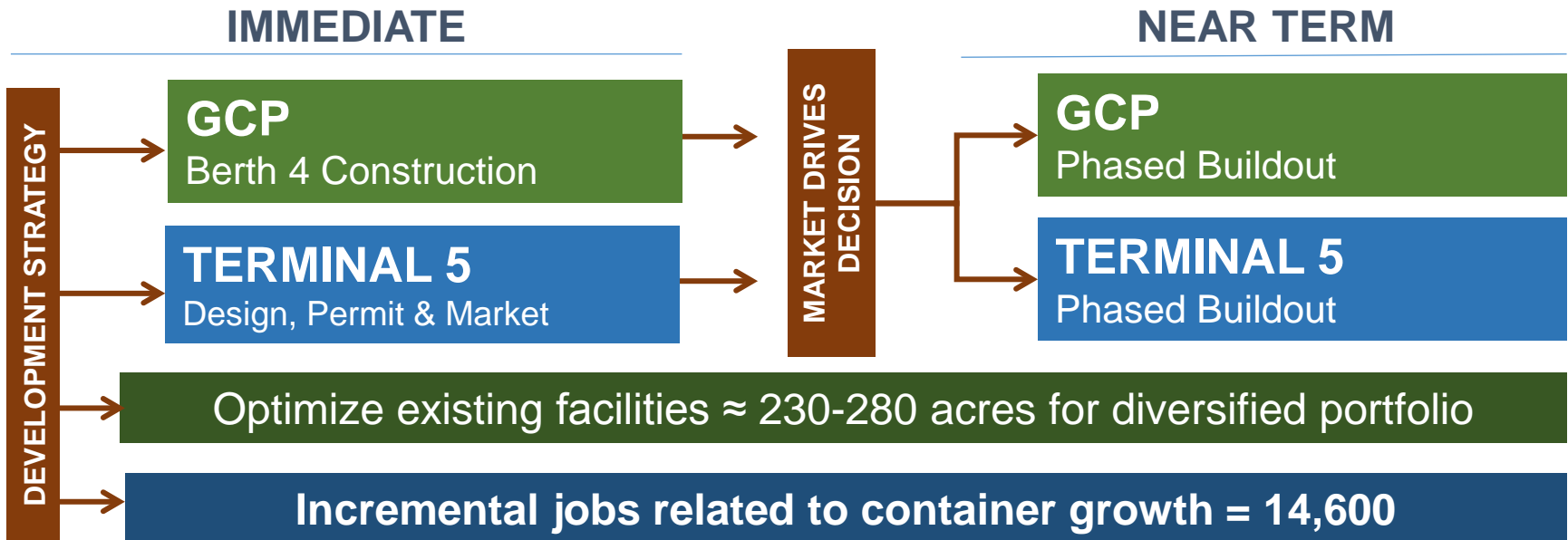
CURRENT

10
YEARS

VISION 2025

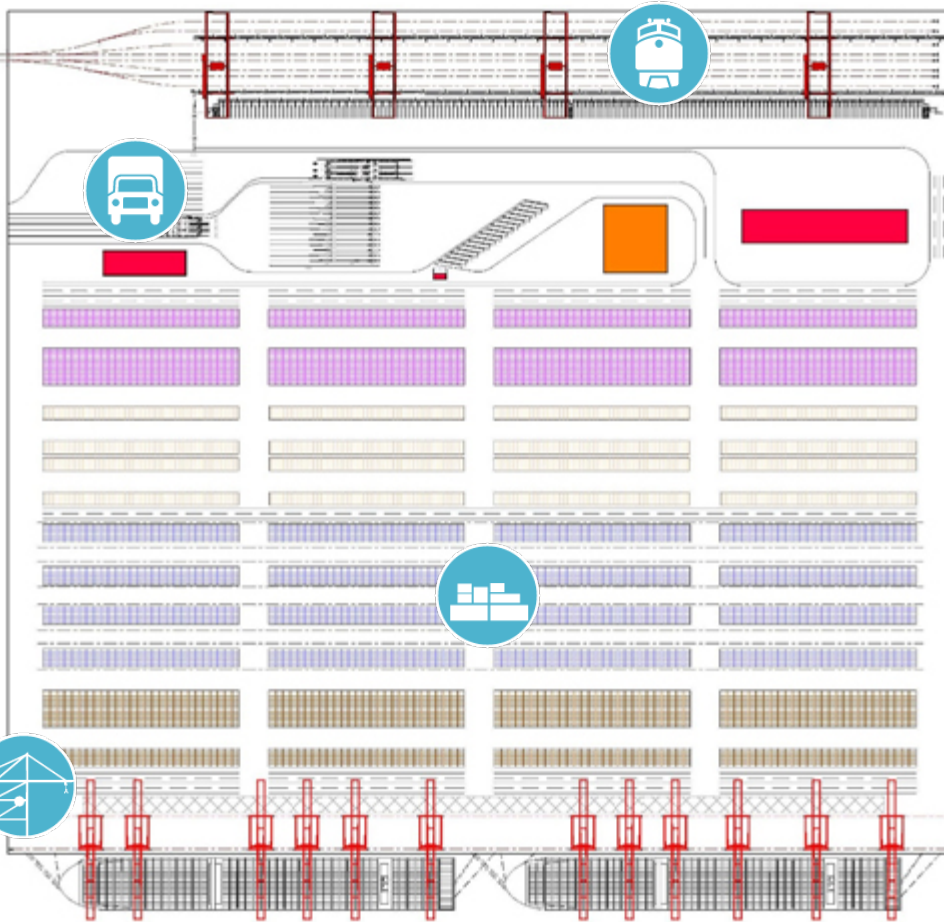
- ≈ 43% Utilization
- 3.4m TEU (3m Int'l)
- Current Acreage:
1080 acres (Int'l container)

- 70% Utilization
- 6m TEU (5m Int'l)
- Optimal Acreage:
800-850 acres (Int'l container)



STRATEGIC TERMINAL CRITERIA

Ability to handle 2 x 14,000 TEU ships



Intermodal Yard

- 28,000' Working Track
- 3 Trains in/out per day



Container Yard

- 100 Storage Acres
- Yard Gantry Crane /Top Pick Operation
- Density 10k-12k TEU per acre/yr



Berths - Landside

- 2,800' Berth
- 100' gauge crane rail w/ required infrastructure
- 2 x 14,000 TEU ships



Berths - Waterside

- 55' Water Depth



Truck Improvements

- Gates: 8 In & 4 Out
- Improved truck queues

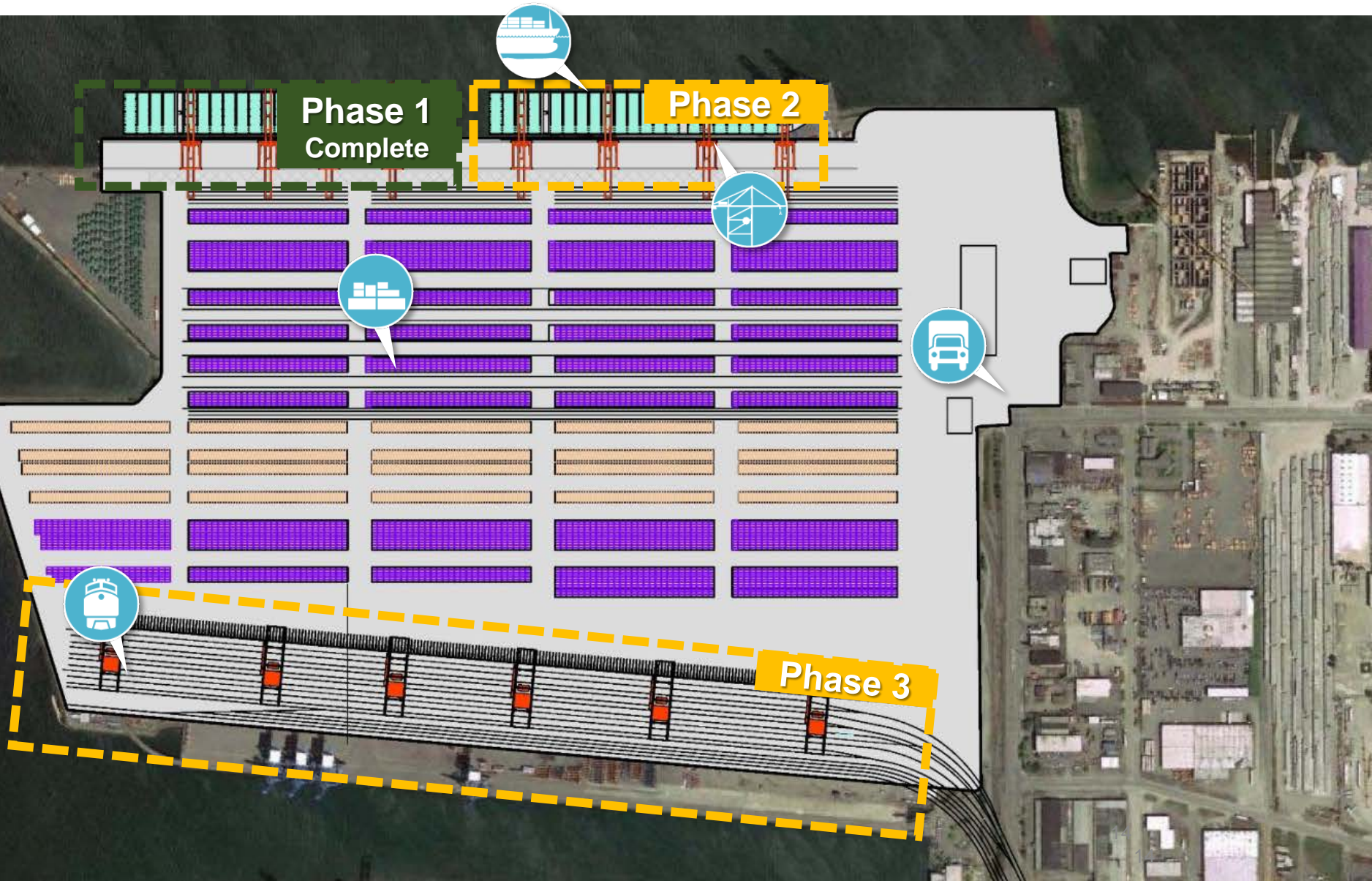
Throughput Assumptions

Container yard: 1.2 Million TEU/Year

Intermodal yard: 750,000 TEU/Year

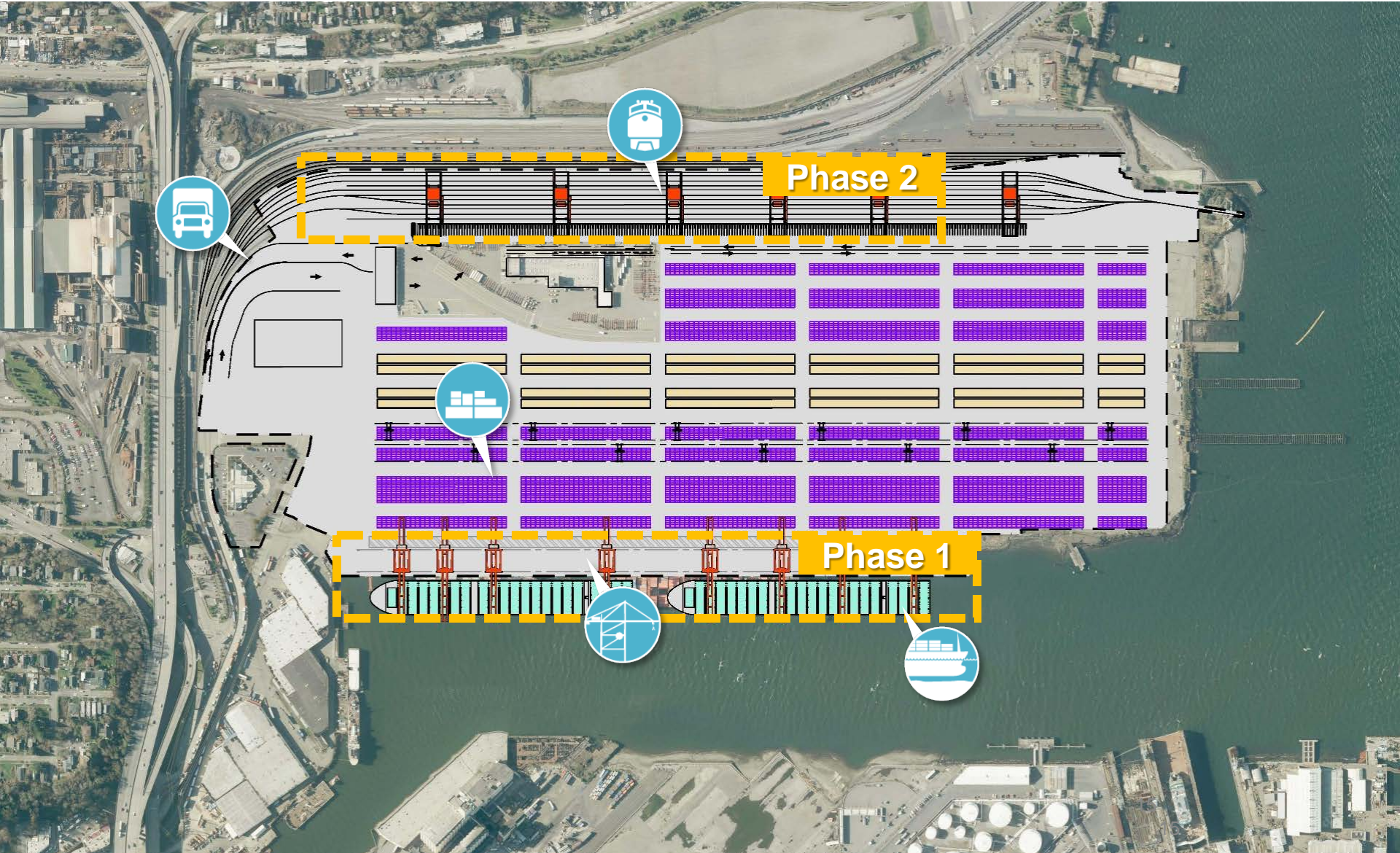
STRATEGIC TERMINAL CONFIGURATION

General Central Peninsula Terminal Tacoma



STRATEGIC TERMINAL CONFIGURATION

Terminal 5 Seattle



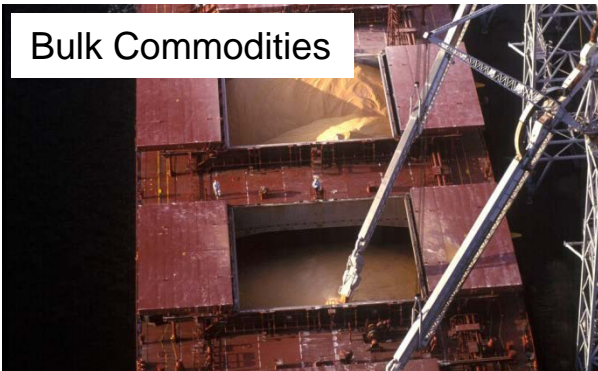
Phase 2



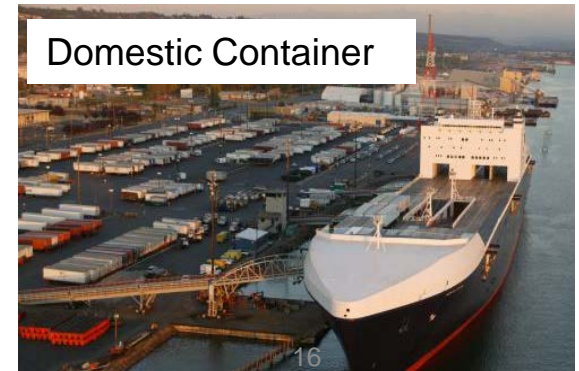
Phase 1



Opportunities for Excess International Container Capacity



CARGO DIVERSIFICATION



DOMESTIC CONTAINER

FACILITIES

Tacoma's TOTE Terminal

- Totem Ocean Trailer Express



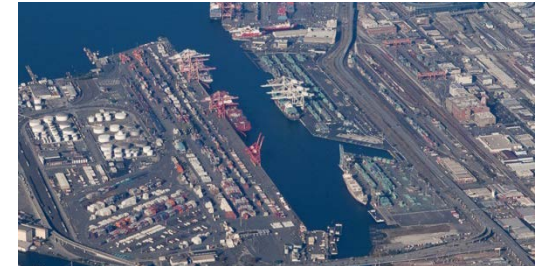
Seattle's Terminal 115

- Northland Services



Seattle's Terminal 18/30

- Matson



FORECAST

Alaska



Modest Growth

Hawaii



Modest Growth

LOOKING FORWARD

- Stable market for Alaska/Hawaii
- Terminal capacity meets market need
- Explore new business opportunities with key stakeholders

NON-CONTAINER

FACILITIES



FORECAST

Dry Bulk	Breakbulk	Autos	Logs	Liquid Bulk	Military
Flat	Modest growth	Modest growth	Flat	High growth	Flat

LOOKING FORWARD

- Stable market
- Adapt facility capacity to meet market demand
- Pursue additional cargo diversification opportunities

CUSTOMER FOCUSED SOLUTIONS

The Seaport Alliance will deliver the best value to customers, community and stakeholders

Internal Drivers



External Outcomes



Service Delivery

Team approach to deliver operational excellence



Facilities for the Future

Deliver flexible facilities plan and infrastructure for big ships & mega-alliances



Customer Satisfaction

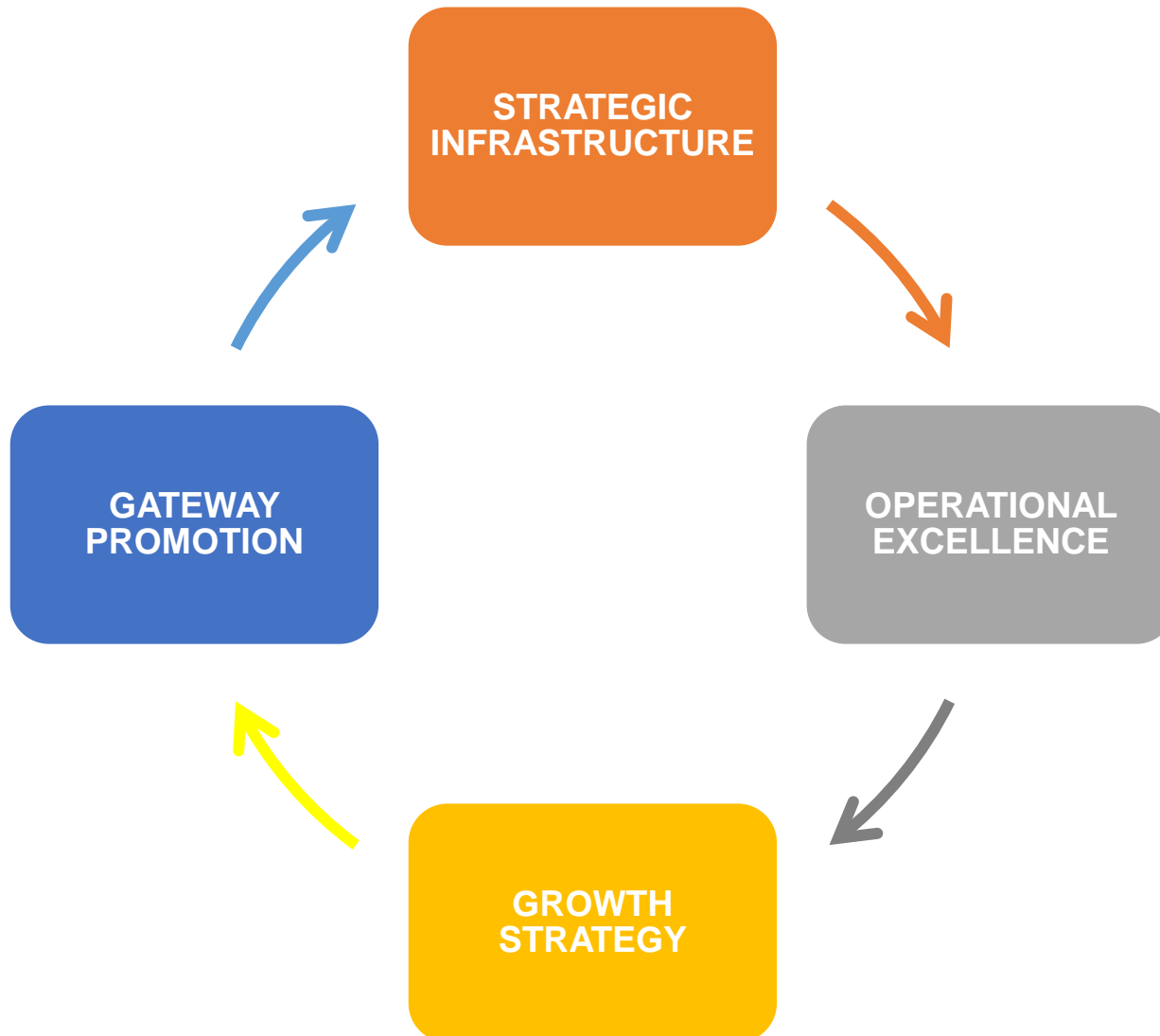
Ease of doing business
Reliability
Operational Efficiency
Cost of doing Business



Return to Community & Stakeholders

Job Creation
Cargo Growth
Financial Sustainability

COMMERCIAL IMPLEMENTATION STRATEGY



OPERATIONAL EXCELLENCE

SERVICE DELIVERY PERFORMANCE METRICS

Proposed Service Delivery Key Performance Indicators (KPIs)

KPI	KPI Description
On-time pro-forma vessel arrival and departure	Percentage of vessels that arrive and depart within 12 hours of the published pro-forma berth window
Vessel Production	Average production (berth and crane) against the vessel
Truck visit turn time	Average time per truck visit. Includes both queue and terminal turn time
Average import rail dwell	Average container dwell for import rail containers from discharge at the terminal to the train transfer to the mainline railroad
Import rail transit time	Average transit time by inland destination from the transfer to the mainline railroad to train arrival at the inland rail ramp

Proposed PNW Gateway Executive Advisory Council

- Beneficial Cargo Owners & NVOCC's
- Ocean Carriers
- Marine Terminal Operators
- Labor Partners
- Class 1 Railroads
- Shortline Railroads
- Trucking Companies
- Transload/Distribution Companies
- Puget Sound Pilots

GATEWAY RISKS



Continued cargo erosion to other gateways



Terminal productivity



Rail Competitiveness



Late to market with strategic terminals



Regulatory environment



Global trade patterns shift

STRATEGIC BUSINESS PLAN GOALS & KEY INITIATIVES

GOALS	Service Delivery Excellence	Gateway Growth and Optimization	Gateway Business Environment
INITIATIVES	<ul style="list-style-type: none"> • Operations Service Center • Key Performance Metrics • Freight Mobility 	<ul style="list-style-type: none"> • Carrier Alliance Consolidation Strategy • Beneficial Cargo Owner/NVOCC Program • Cargo Diversification • Rail Competitiveness • Integrated Investment Strategy 	<ul style="list-style-type: none"> • Transportation Infrastructure Funding • Regulatory Climate • Gateway Commitment

SEAPORT ALLIANCE KEY METRICS

2025 Measures of Success



Cargo Growth

6,000,000 TEU



Job Creation

14,600 incremental jobs



Financial Sustainability

Return on invested capital

Net income growth

Solid Financial margins



THE SEAPORT ALLIANCE

