



STRATEGIC BUSINESS PLAN

Seaport Alliance
May 6, 2015

PRESENTATION OVERVIEW



Recent industry changes drive actions to stay competitive

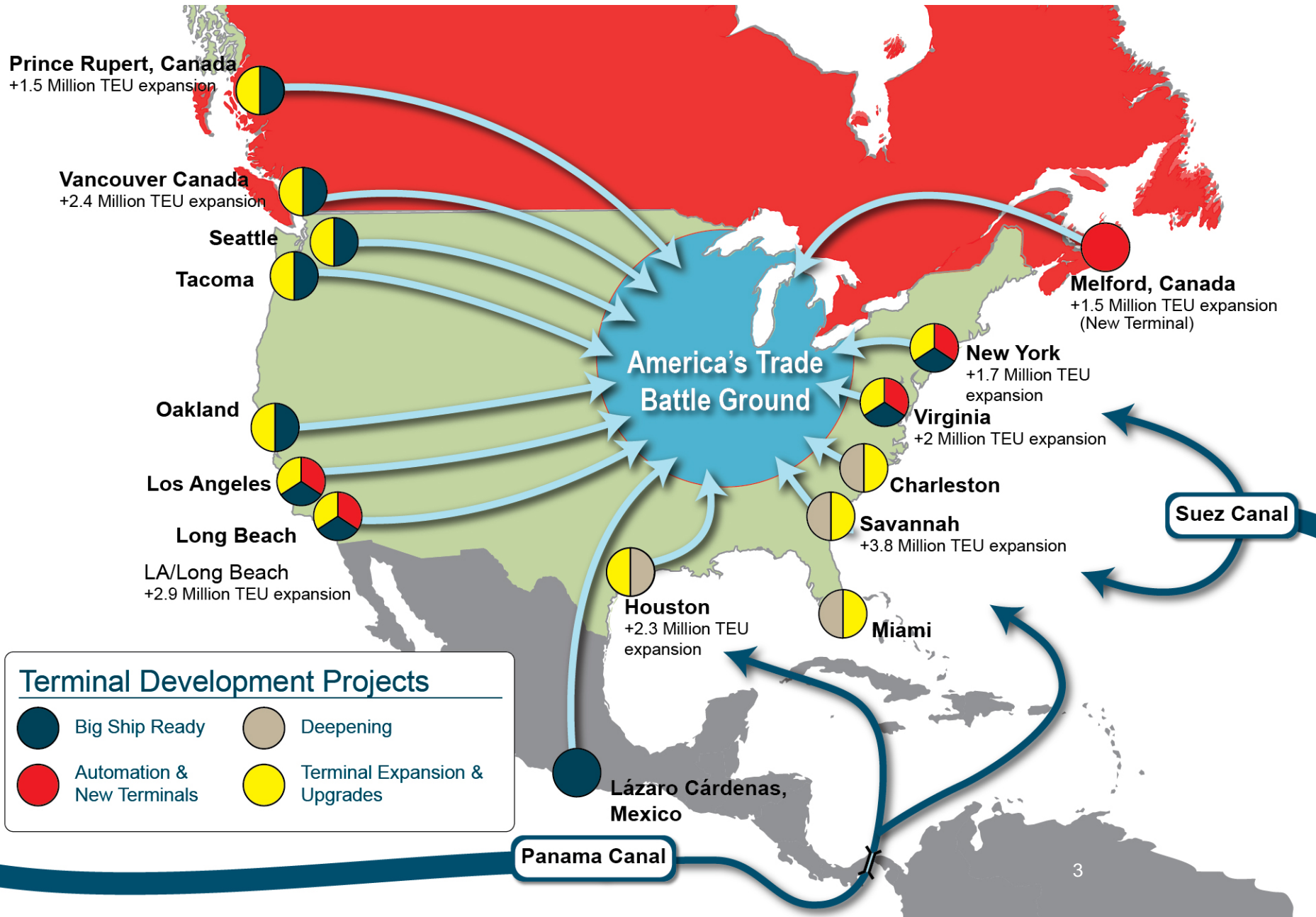


Optimized infrastructure investment strategy

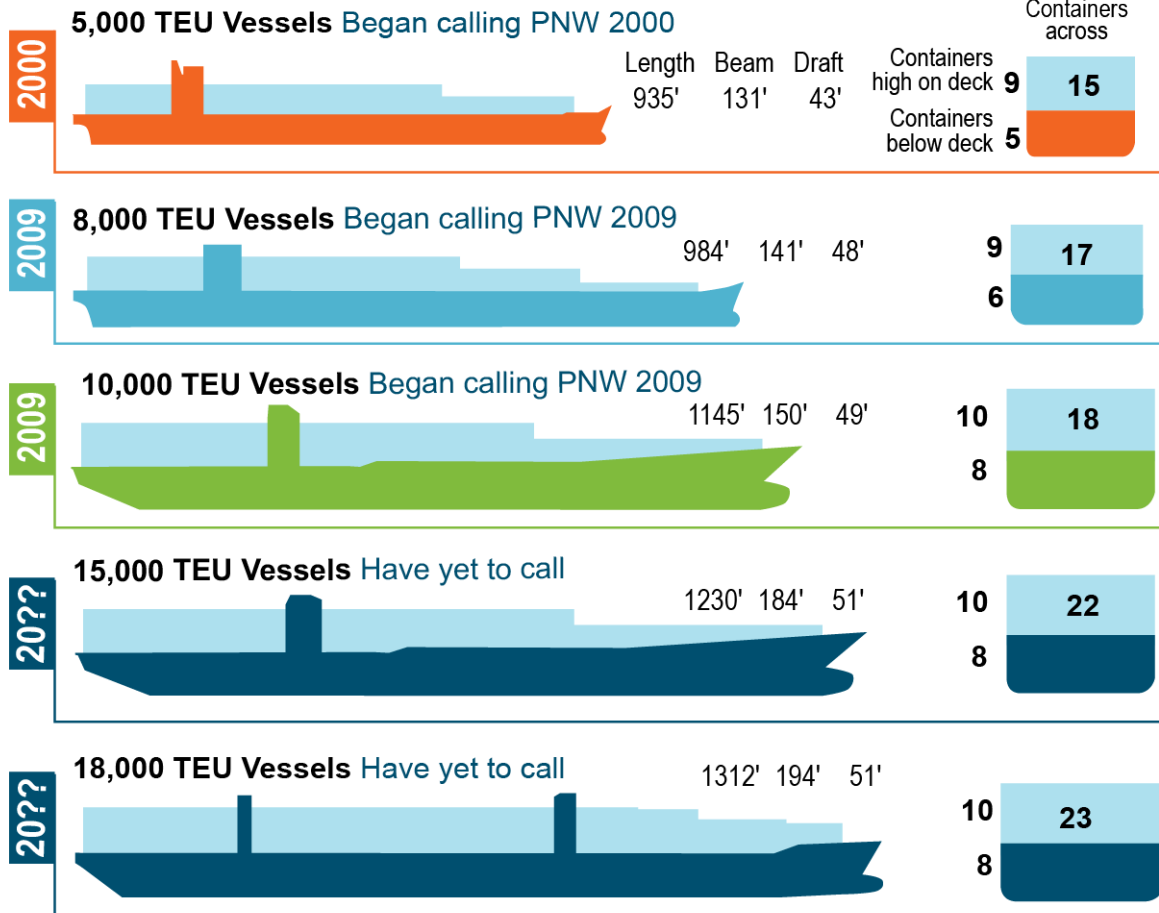
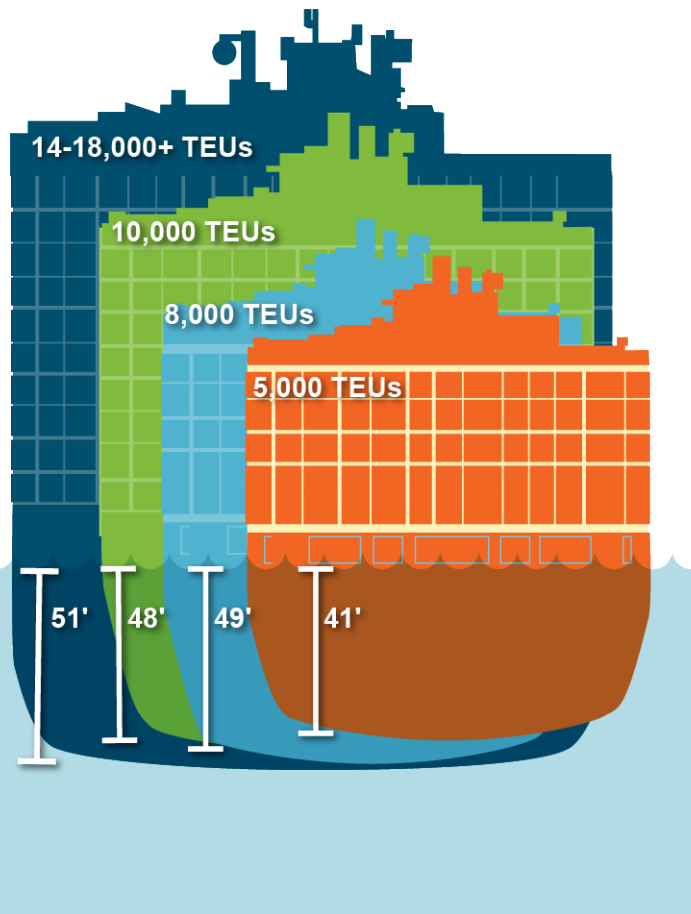


Customer focused solutions to become the gateway of choice

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

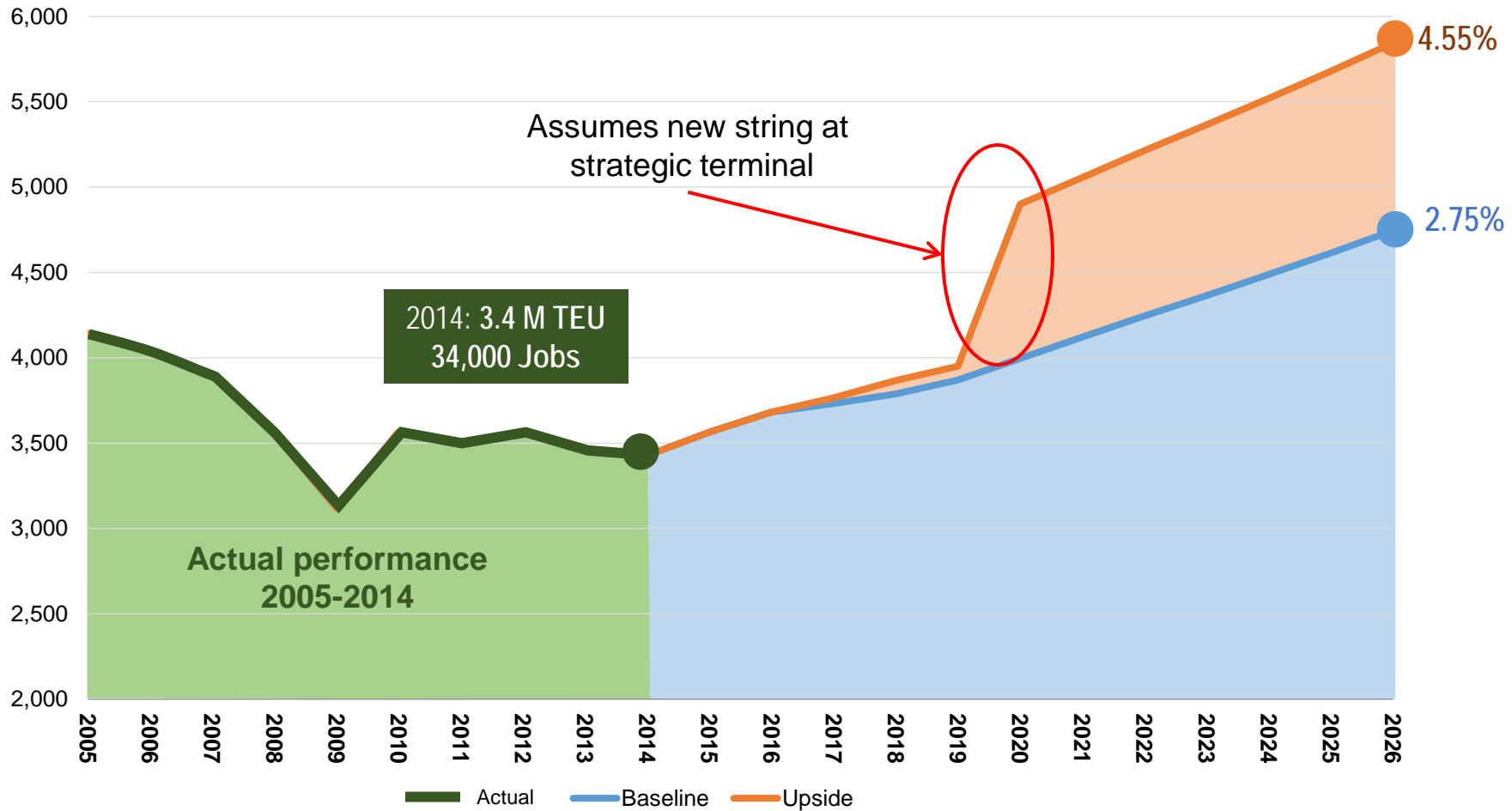


Regulatory climate

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

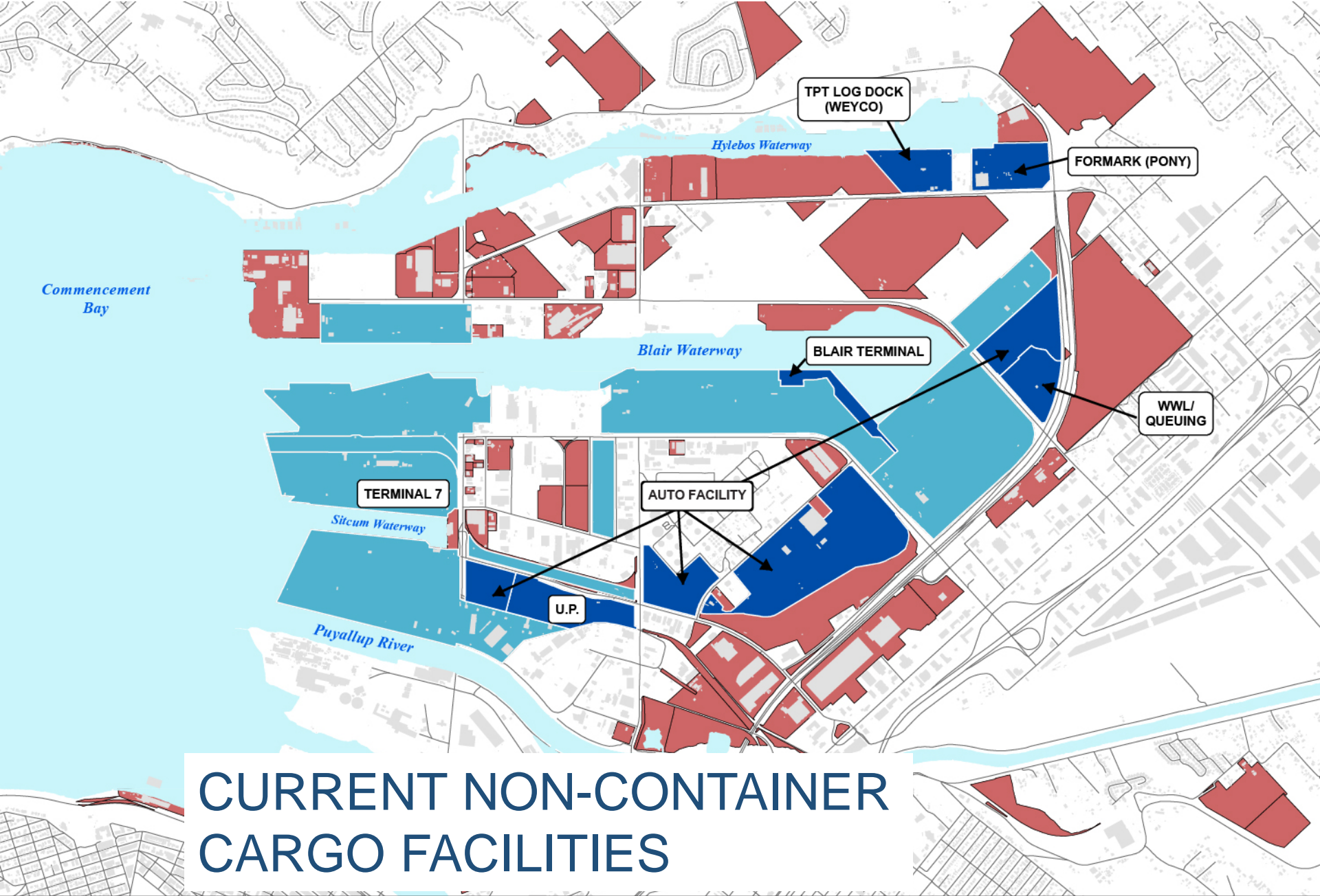
Husky

PCT

OCT

WUT

APM



0 0.1 0.2 0.3 0.4 0.5

Miles

Seaport Alliance Properties

SA Non-Container Terminals

Non-Alliance Port Properties

GATEWAY OPTIMIZATION

Achieve 70% Utilization | Strategic Terminals | Double Volume

CURRENT

10
YEARS

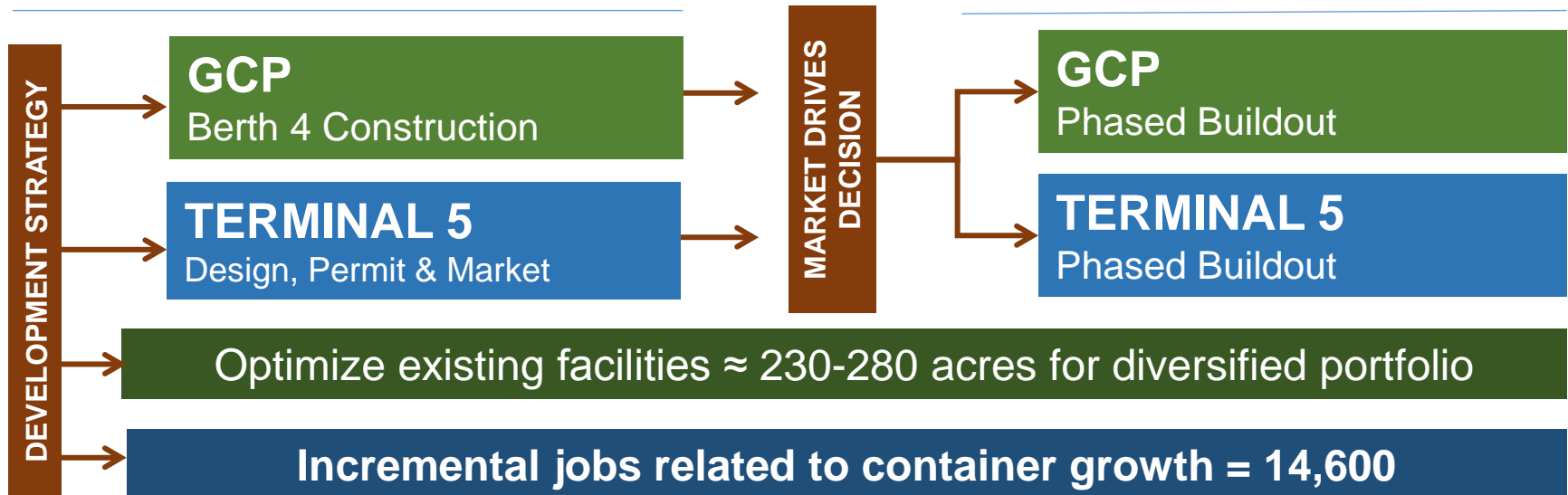
VISION 2025

- ≈ 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)

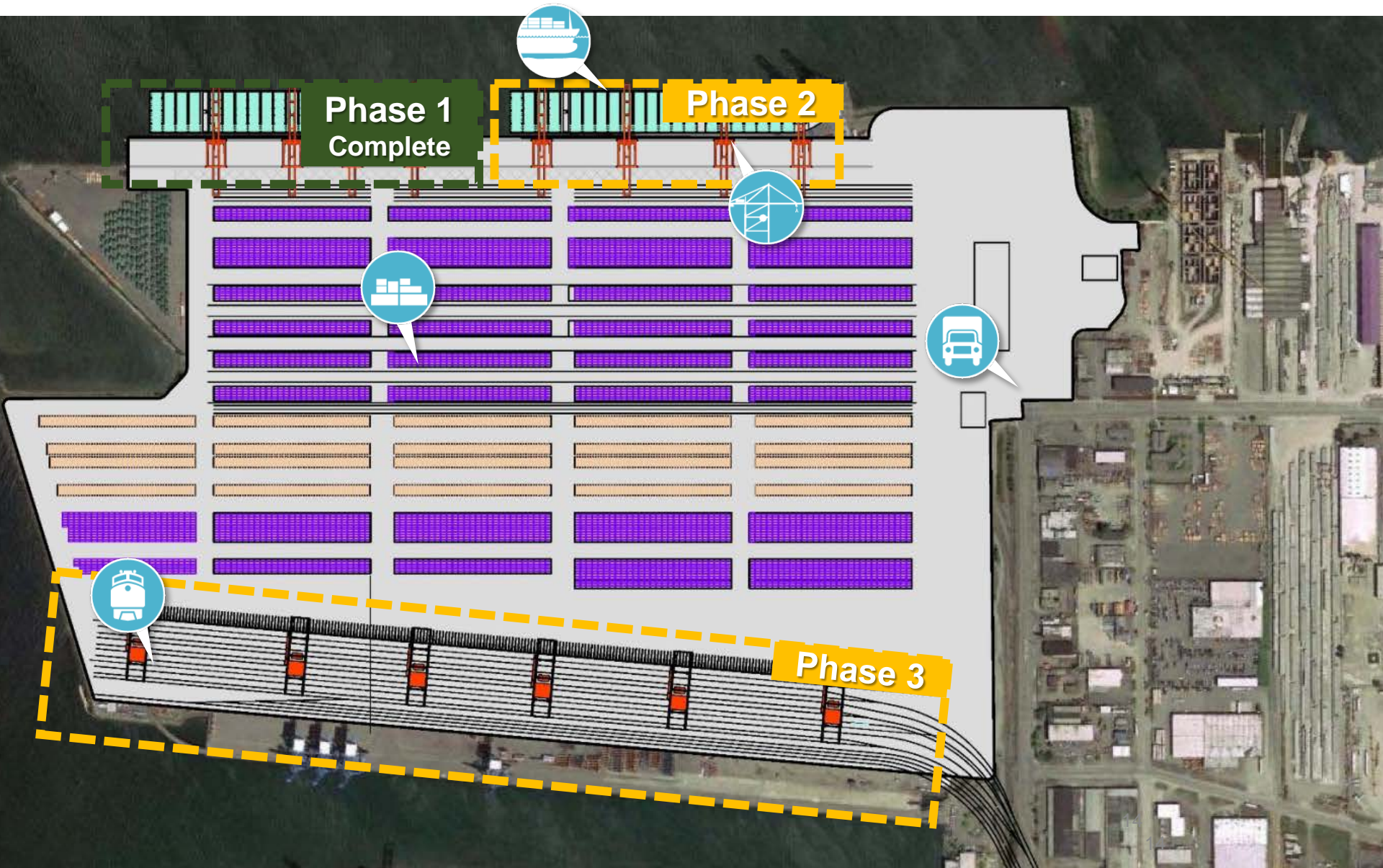
IMMEDIATE

NEAR TERM



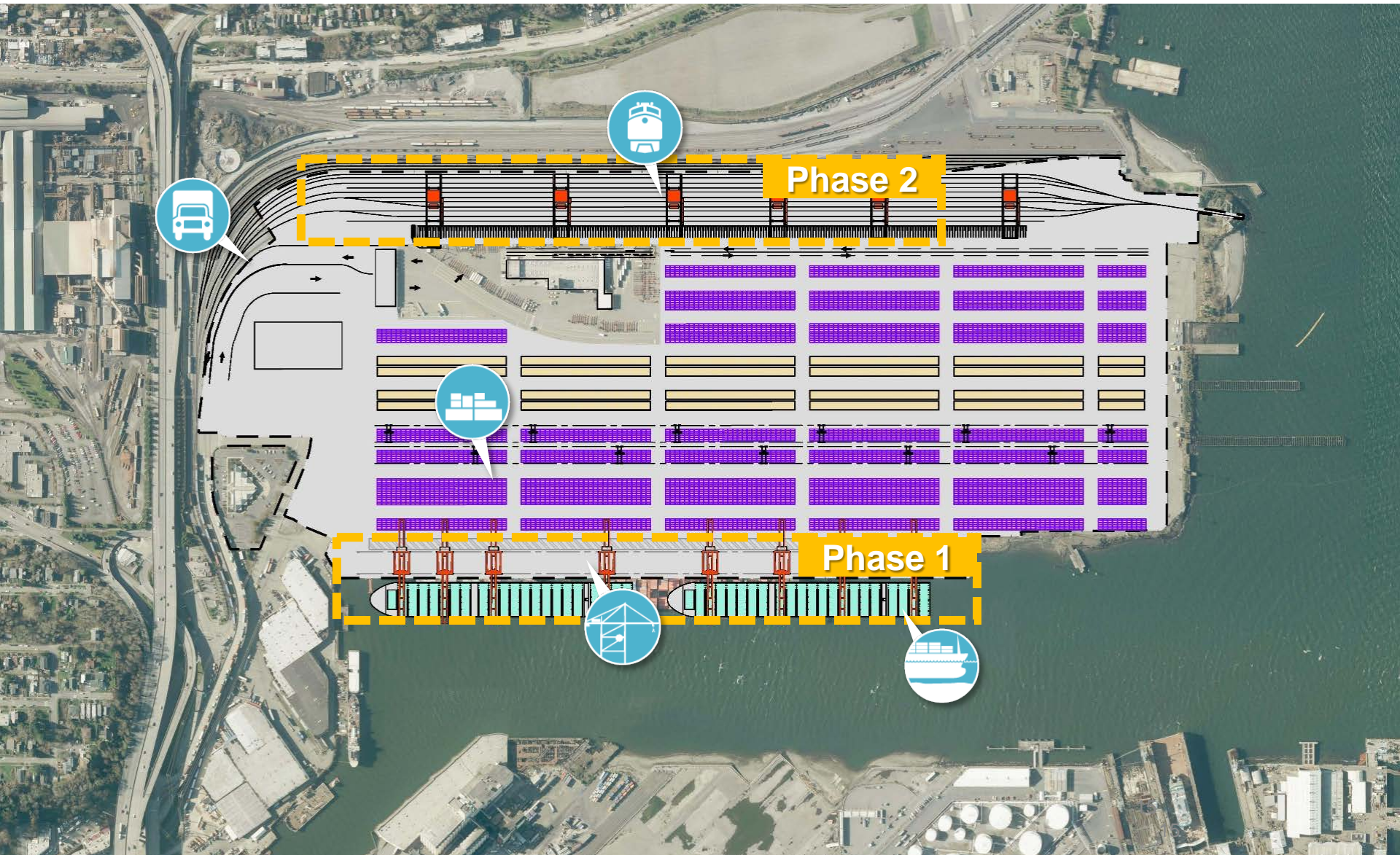
STRATEGIC TERMINAL CONFIGURATION

General Central Peninsula Terminal Tacoma



STRATEGIC TERMINAL CONFIGURATION

Terminal 5 Seattle



Opportunities for Excess International Container Capacity

Autos & RO/RO



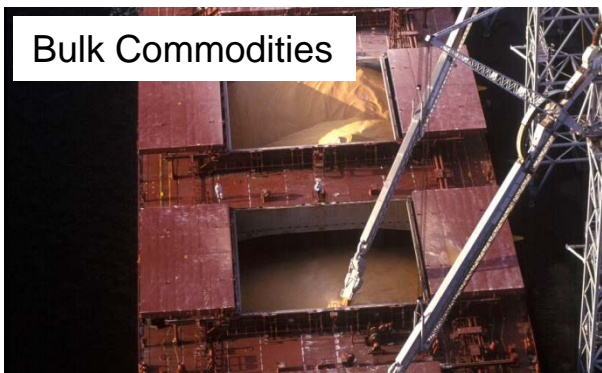
Project Cargo



Logs



Bulk Commodities



Domestic Cargo



CARGO DIVERSIFICATION

Industrial Properties



Breakbulk



Domestic Container



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



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

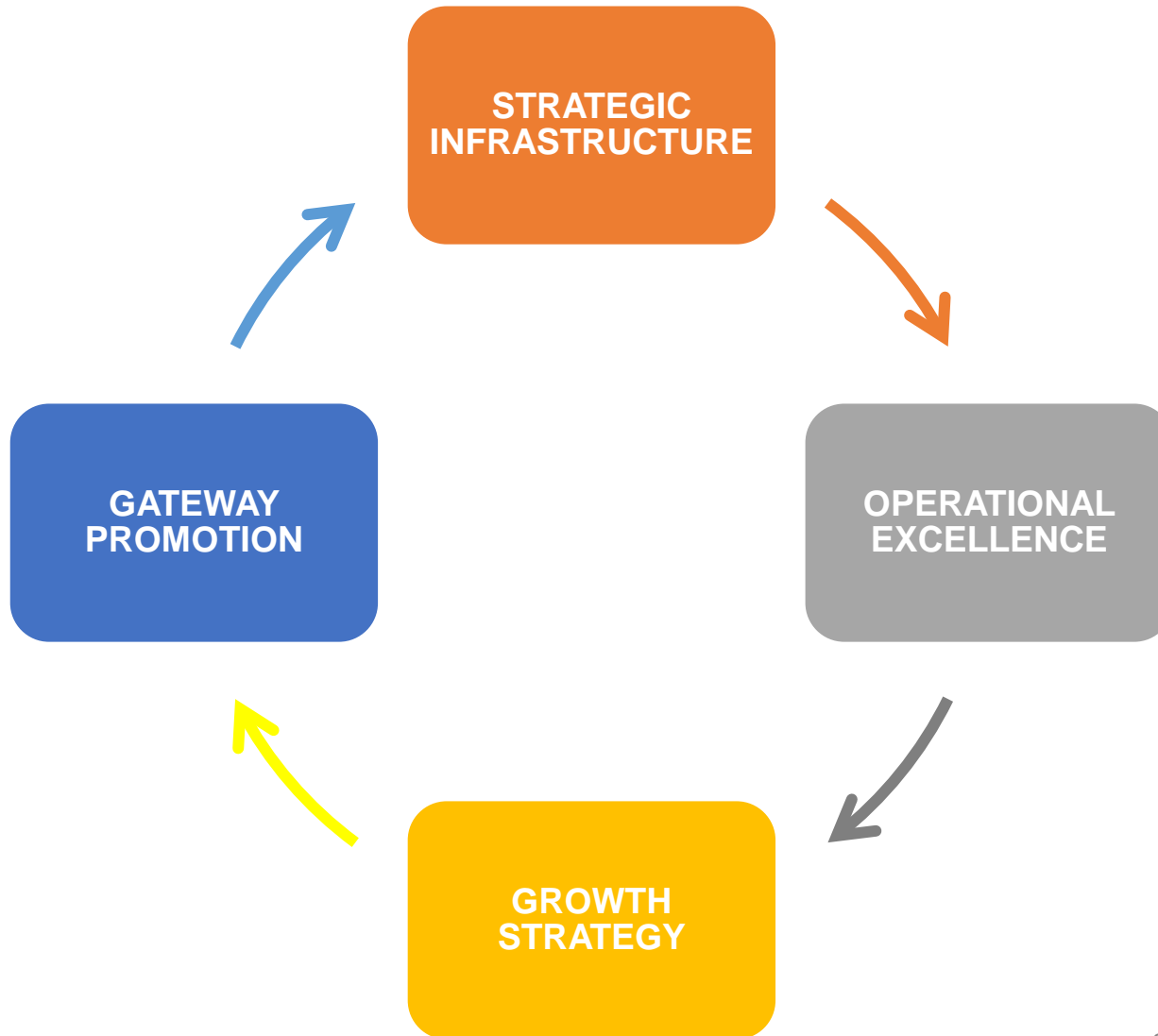
Ease of doing business
Reliability
Operational Efficiency
Cost of doing Business



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

